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NEWS SUMMARY

GENERAL

Vaccine report attacks DHSS

Union leader Clive Jenkins has leaked the Government's report on the Birmingham smallpox outbreak and he says it shows "a staggering lack of communications" between various health authorities.

The Department of Health planned to hold up publication of the report until the end of *the Health and Safety Executive's* prosecution of Birmingham University, where the outbreak which killed Janet Parker occurred.

The report is critical of several groups, including the World Health Organisation, the Department of Health and *Social Security and the* university. **Page 7**

Military chief shot dead in Madrid

The military governor of Madrid died in hospital after being shot outside his home. Major - General Constantino Ortin Gil was hit by *four* bullets as he stepped from an official car.

A major security alert was launched after the killing, including road, rail and airport checks. The shooting follows a spate of assassinations attributed to Basque terrorists. On Monday an army major and police officer were killed in separate incidents. **Back Page**

Haig resigns

General *Alexander* Haig is to resign as Nato's Supreme Commander Allied Forces Europe on June 30. The General, aged 54, said he had "no immediate plans" for a political career but there has been speculation that *he might be a Republican* Presidential candidate in 1980. **Page 2**

Cambodia push

Vietnamese troops, pushing deeper into Cambodia, have won control of most of the east bank of the Mekong River. **Back Page**

Back on the air

Yorkshire Television was back on the air last night following a 17-day strike involving members of the Association of Cinematograph and Television Technicians. **Page 7**

Drugs haul up

The street value of drugs seized by the British Customs and Excise last year was £22.2m, almost twice the value of the *1977 total. The hauls included* 58 kilos of heroin, double the 1977 figure. **Men and Matters. Page 16**

Tanker on tow

The crippled Greek tanker Andros Patria was being towed *towards Portuguese waters* by two tugs as Dutch salvage experts considered what to do with the vessel, which has 208,000 tonnes of crude oil aboard. **Page 2**

Briefly . . .

The Queen and Prince Philip have called off their visit to Iran next month on the advice of the Shah. **Attempt to form Government, Pack Page**

Czechoslovak scientists say neurotic pigs produce tougher pork chops.

Rudolf Hess, Hitler's one-time deputy, is back in Spandau jail after hospital treatment.

Total value of prizes since Premium Bonds *started will top* **£700m this month.**

Environment Department says Birmingham airport expansion *plan may face a public inquiry.*

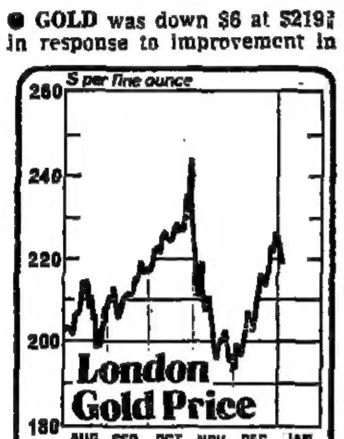
BUSINESS

Equities up 6.9; Gold falls $6

● **EQUITIES staged their biggest single-day advance since mid-November, undeterred by the start of the lorry-drivers' strike and the latest forecast on the economy. FT 30-share index ended 6.9 up at 479.9.**

● **GILTS:** Longs eased another ¼. Shorts were mixed. Variable coupon stocks made above-average rises to ¼. Government Securities Index shed 0.13 to 68.47.

● **GOLD** was down $6 at $219¾ in response to improvement in



the dollar. Comex January settlement price: 221.00 (222.00).

● **STERLING** fell 1.05 cents to $2.0245. Trade-weighted index was 63.7 (63.9). Dollar's depreciation narrowed to 9.0 (9.3) per cent.

● **WALL STREET** was off 3.21 at 801.80 near the close.

● **BRITAIN'S** *official* reserves were boosted last month by the biggest underlying inflow of foreign currency—$241m—since July, as the authorities tried to keep sterling roughly stable. **Back Page**

● **UK OIL** output from the North Sea has reached a new peak with November production totalling more than 5m tonnes for the first time. **Page 7**

● **NUBE** announced it is negotiating merger terms with the staff union at the Phoenix Assurance Company. **Page 7**

● **FORD** managed in 1978 to repeat its triple sales lead in cars, commercial vehicles and tractors, *despite a crippling* strike, the company said. **Page 7**

● **GENERAL Instruments,** the U.S. electronics company, is holding talks with Plessey about the possible acquisition of the UK company's semiconductor division, although a three-*month-old offer* by GEC to buy the division is still formally open. **Back Page**

● **AIR CANADA,** *the Government-owned* airline, expects 1978 profits to be substantially greater than the record C$20m made in 1977. **Page 20**

COMPANIES

● **BASS CHARRINGTON'S** *current year has got off to a* good start, chairman Mr. Derek Palmar says in his annual report. **Page 19**

● **RANK** Organisation's Canadian subsidiary Rank City Wall Canada plans to raise C$70m by an offering of U.S. dollar-denominated variable rate preferred shares. **Page 18**

● **WILSON WALTON** Engineering pre-tax profits fell to £219,000 from £457,000 on turnover of £7.53m (£7.32m) in the six months to June 30. The *company is not paying an* interim dividend. **Page 18 and Lex.**

● **THOMAS W. WARD** *increased pre-tax profits by* more than 55 per cent to a record £11.83m (£7.61m) on turnover of £252.3m (£242.7m) for the year to September 30. **Page 18 and Lex**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			Marks & Spencer	87	+ 3
Treasury Var. 1982	£95¾	+ ½	Metal Box	310	+ 10
Alexanders Discount	266	+ 16	Mills & Allen Intl.	227	+ 7
Ash Spinning	75	+ 5	NatWest	292	+ 7
Barr & W.A.T.A.	118	+ 8	News Intl.	280	+ 8
Beazer (C. H.)	64	+ 7	Norton & Wright	150	+ 5
Beecham	643	+ 11	Racal Elect.	349	+ 9
Bell (A.)	184	+ 14	Reed Intl.	157	+ 5
Clark (M.)	150	+ 8	Samuel (H.) A	201	+ 5
Crouch (D.)	114	+ 7	Seccombe Marshall	220	+ 20
Edinburgh & Gen. Inv.	30	+ 4	Stewart Plastics	171	+ 8
Extel	140	+ 4	Ward (T. W.)	83	+ 4
Gieves	103	+ 4	Woodhead (J.)	89	+ 4
Heron Motor	112	+ 4	BP	910	+ 16
Highland Distilleries	81	+ 5	De Beers Defd.	406	+ 8
Horizon Midlands	138	+ 4½	RTZ	230	+ 4
Johnson-Richards Tiles	126	+ 17	Western Mining	150	+ 7
London Pavilion	975	+ 50	**FALLS:**		
MEPC	151	+ 4	Whatman Reeve Angel	240	— 15

Industry hit as lorry drivers begin strike

BY NICK GARNETT, LABOUR STAFF

MANUFACTURING and service industries were facing major distribution difficulties yesterday as striking lorry drivers began widespread picketing of factories and many of Britain's major ports.

The Road Haulage Association said last night that up to 25,000 drivers in Scotland and the north of England had gone on strike yesterday, crippling private haulage services as far *south as Yorkshire and Merseyside.*

Industrial action was more patchy in the Midlands and south of England, but picketing of major companies and some principal ports had an immediate effect in most areas.

If the strike is prolonged, a number of *specific* services to industry, carried out by member companies of the association, could be severely jeopardised.

These include haulage of bulk chemicals, car transportation, the moving of road bulding material and industrial waste and the movement of milk, flour, meat and livestock. Component supplies to the motor industry would be vulnerable.

The association said yesterday *that shoppers had already* begun needless "panic buying," though there were plentiful supplies of most foods at warehouses. Supermarkets have sufficient stocks to last for some time if there is no panic buying.

While most supermarkets have their own distribution fleets, the effect on future supplies for shops was not clear last night because of the large number of small hauliers involved in bringing supplies to the supermarkets' central depots.

Tanker drivers at some Texaco and British Petroleum de*pots also went on strike yester*day, in spite of a negotiators' recommendation that they work normally while new pay offers are put out to ballot.

BP said it expected that drivers at only two of its 50 terminals would still be on strike today. The effects of even a limited stoppage by tanker drivers, however, could be worsened by effective picketing.

Shell said some of its terminals were being picketed and drivers at some Esso depots are understood to have decided not to cross picket lines organised by tanker men from other companies.

Mr. Chris Dixon, industrial relations officer for the association, which represents 15,000 companies employing about 50,000 drivers, said that operations at some major inland container terminals, including Perry Barr, near Birmingham, and Didcot had been severely affected.

The association said the overall picture would not be known until the end of the week by which time it would assess its position.

There appears to be some feeling that drivers in at least some regions might decide to continue the strike for only a few days at most.

Mr. Tom Brattin, secretary of the association's Scottish region, said *that although drivers at* the vast majority of the more-than-1,000 companies represented by the association had come out on strike, they had apparently done so reluctantly. Drivers in Manchester, however, decided last night to join the strike today.

The impact of the lorry drivers' strike was difficult to assess yesterday although drivers in several regions had organised *themselves fairly quickly in an attempt to halt* supplies.

The Road Haulage Association said almost all commercial haulage deliveries had been halted in the Hull area because of the strike and picketing of manufacturing companies not involved in the pay dispute.

Cargo movements through Hull docks by private haulage companies had been halted, the association said.

The southern region of the association said movements by private hauliers in and out of Southampton and Portsmouth docks had been severely disrupted.

Almost all lorry drivers working for member companies of the association in Liverpool stopped work. Picketing of some specialist dock terminals, including those for grain and containers, had had some effect. A large amount of cargo was still being handled on Merseyside.

Drivers in some association regions, including the West Country, South Wales, Bristol and large parts *of the Midlands* and London did not come out on strike.

The drivers, whose basic pay for 40 hours is £53, are seeking a new rate of £65 for 35 hours, a claim worth about 25 per cent.

Most of the association's individual regions have offered a little over 15 per cent, including a new basic of £60. iWth guaranteed overtime of five hours at time-and-a-half, that would lift *minimum earnings to £71.25p.*

Greengrocery prices soar

VEGETABLE prices have doubled—and in some cases trebled—in the past few days because of the effects of frozen fields, blocked roads and the threat of the lorry drivers' strike. Already, in Scotland, some winter vegetables are almost unobtainable. Retail traders have warned that the drivers' strike could also double prices for imported fruits and vegetables. Page 6

Dependence of British industry on the lorry Page 16
(Road hauliers face tighter *controls*, Back Page

Peak predicted in industrial capital outlay

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CAPITAL SPENDING by manufacturing industry should continue to rise in real terms for at least part of this year but should decline slightly in 1980, according to the latest Department of Industry intentions survey published yesterday.

The survey indicates that the volume of investment last year is likely to have been less than earlier buoyant projections.

Manufacturing investment is projected to rise by between 4 and 8 per cent in 1979. This is the same proportionate rise as suggested by the previous survey last October. But since the base for comparisons in 1978 is lower than then assumed, the projected level of spending should be less than previously estimated.

It *is* likely that investment will peak some time during this year and the Department says the prospect is for expenditure in 1980 to be "if anything, slightly below the 1979 level."

The new survey estimates that the volume of manufacturing investment in 1978 was £3.86bn, at 1975 prices. This represents an increase of 8 per cent on the 1977 level, compared with the 10 to 11 per cent rise projected *last* October and the 12 to 17 per cent increase for the year expected in autumn 1977.

Part of the shortfall is explained by a decline in spending by the iron and steel industry. If this sector is excluded, manufacturing investment is now estimated to have risen by between 12 and 14 per cent last year, compared with a 14 to 16 per cent rise projected last October.

INDUSTRY'S CAPITAL INVESTMENT
(£m, at 1975 prices)

	Manufacturing	Distribution and services (excluding shipping)
1970	4,196	3,669
1971	3,923	3,888
1972	3,398	4,055
1973	3,504	4,674
1974	3,822	4,605
1975	3,522	3,841
1976	3,345	3,926
1977	3,573	4,325
1978	3,860*	4,690*
1979	4,100*	4,920*

* Estimates
Source: Department of Industry

Implication

The projected total for 1979 is £4.1bn, at 1975 prices, or nearly £7bn at current prices. This is higher in real terms *than at the peak of the last* economic cycle, though lower than in the record year of 1970.

The implication is that the volume of manufacturing investment will have risen by 22.5 per cent between 1976 and 1979, reflecting improved profitability and liquidity until recently, a lower rate of inflation and the need to replace obsolete equipment after several years of sluggish expenditure.

The expected *slowdown* in the growth of investment this year, and decline in 1979, is in line with the historic pattern in which there have never been more than three consecutive years of rising expenditure. The outlook is explained both by the slackening in the overall ex*pansion of output* and by the recent deterioration in the financial position of companies.

The rise projected by the latest survey *for 1979 is broadly* in line with the range of increases expected by most economic forecasters, including the Confederation of British Industry, though is slightly higher than the rise implied by the recent Treasury propections.

Investment by the distributive and service industries, excluding shipping, is projected to rise by betwen 3 and 7 per cent in real terms this year to £4.92bn at 1975 *prices, or nearly* £5bn at current prices. There should be a further increase, possibly of a similar size, in 1980.

The distribution and service sectors' spending has been much more buoyant than that of manufacturing partly because of the growing practice recently of obtaining capital goods through leasing rather than by purchases. This expenditure is part of service expenditure and ac*counts for about 20 per cent of* the forecast total in 1979, or roughly £1bn, compared with £900m last year and £700m in 1977.

Insofar as this leasing is to companies in manufacturing, there is an apparent switch of investment from manufacturing to services. In 1979, the addition to the forecast of £4.1bn may be very roughly 10 per cent for assets leased from service companies.

This may be one of the reasons why manufacturing investment in 1978 fell short of *earlier buoyant hopes since* companies may initially have grouped together buying and leasing and this was all included *in manufacturing.*

On the detailed prospects in manufacturing the Department says substantial increases are expected in the textiles, leather and clothing and other manufacturing groups. Rises should be above average for paper, printing and publishing *and vehicles groups.*

Accounting firms discuss forming international group

BY MICHAEL LAFFERTY

DISCUSSIONS which could lead to the formation of one of the five largest accounting groups in the world are taking place in Europe and North America. The talks involve some of the largest accounting firms outside the "Big Eight" which dominate the U.S. and inter*national accounting businesses.*

The firms include **Klynveld Kraayenhof,** the largest Dutch accounting firm, **Deutsche Treuhand,** the second largest West German firm, **Thomson McLintock,** about fifth largest in the UK, **Fiduciare de France,** *the largest French firm,* **Thorne Riddell,** the larges Canadian firm, **Main Lafrentz,** one of the largest U.S. accounting firms after the "Big Eight," **Fides,** one of the largest Swiss accounting firms, **Revisionsfirmaet C. Jespersen,** the largest Danish accounting firm, and several more.

The objective is to create a giant European accounting group with strong North American an dinternational connections which will be capable *of competing anywhere with the* "Big Eight." The idea is thought to have originated from Klynveld Kraayenhof and Deutsche Treuhand — firms which were previously linked to Turquands Barton Mayhew. Turquands is about the same size as Thomson McLintock and *will shortly merge with* Whinney Murray, a "Big Eight" firm.

A link-up of Klynveld Kraayenhof and Deutsche Treuhand with Thomson McLintock and the other member firms of the present McLintock Main Lafrentz International grouping became possible when **Karoli Wirtschaftsprüfung,** the former West German member of the group, merged last month with the West German end of **Coopers and Lybrand,** another "Big Eight" *firm.*

The strategy does not end there. One possible outcome of the discussions is a merger of the two firms in each country which had previously represented either McLintock Main Lafrentz or the Klynveld Kraakenhof-Deutsche Treuhand *group. A strong possibility here* is said to be a merger of the two Dutch firms **Klynveld Kraayenhof and Pelser Hamelberg Van Til.** Another may be a merger between Main Lafrentz and **Hurdman and Cranstoun,** another substantial U.S. firm.

Several of the parties involved stress that the talks are still exploratory, and no announcement is expected before the end of the month. Discussions have taken place in most principal West European capital cities, *as* well as in New York and Montreal.

If anything like the scale of the proposed link-up takes place the effects will stretch out into the accounting professions of all Western nations. Large national accounting firms without international connections are few *these days.*

Norcros plans £28m takeover

BY ANDREW TAYLOR

NORCROS, the diversified industrial group which owns Hygena furniture, announced *plans yesterday for a £28.8m* takeover of H and R Johnson-Richards Tiles.

The move comes seven months after Hepworth Ceramic abandoned a similar takeover attempt in the face of a Monopolies Commission investigation.

The Norcros approach has already been rejected by Johnson Richards which said that it saw no merit in the proposal that Norcros should take over its ceramic tile business.

*Mr. Alec Done, Johnson-*Richards' chairman, said he was prepared to attend a meeting with Norcros, which includes construction, printing, packaging and engineering among its interests.

Earlier yesterday Norcros said that if discussions with Johnson-Richards were satisfactory it would offer five of its shares plus £3.60 for every six Johnson-Richards shares.

On news of the approach Norcros shares fell 2½p to 86p, which would place a bid slightly below the £29.8m offered earlier this year by Hepworth, which was eventually accepted by the Johnson-Richards Board.

Johnson-Richards controls about 60 per cent of the ceramic *tile market, which in recent* years has come under increasing pressure from overseas manufacturers, particularly in Spain and Italy.

Last year the group made a strong recovery, pre-tax profits rising 45 per cent to £5.5m in the year to March 31, 1978.

A key to the outcome of any bid will be the reaction of a group of Johnson-Richards shareholders controlling a 25 per cent stake, which said earlier last year that the group should seriously consider any offer worth more than 125p a *share.*

This group includes London Brick, which has a near-10 per cent stake. A spokesman for London Brick said last night that the group had already indicated it was willing to sell this stake, but would await a firm offer before making any decision.

A Norcros spokesman said that acquisition of Johnson-Richards would complement its existing construction and consumer product interests.

On news of the bid approach Johnson-Richards' share price rose 17p to 126p. The group, which has been advised by S. G. Warburg, has advised shareholders to take no action on any documents sent by Norcros, which has been advised by Hill Samuel.

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Steel talks resume as IG-Metall halts more plants

BY ADRIAN DICKS IN BONN

WEST GERMAN steel employers and leaders of IG-METALL, the steelworkers' union, resumed formal negotiations yesterday aimed at settling the five week-old dispute that has now made half the industry idle in the North Rhine—Westphalia, Bremen and Osnabrueck bargaining regions. Yesterday evening, it appeared likely that the discussions would continue late into the night.

Before the two sides sat down to talk, under the neutral chairmanship of Herr Friedhelm Farthmann, the North Rhine-Westphalia Labour Minister, IG-Metall brought a further three big steel plants, employing some 20,000 men, out on strike. A total of 57,000 union members are on strike, with a further 43,000 workers either made idle or locked out by their employers.

There was no direct comment by the employers' side on the extension of the strike, and no suggestion that it would be met by a "symmetrical" widening of the lock-out, at least while the new negotiations are under way.

The talks were believed to be concentrated on a compromise plan put forward by Herr Farthmann last weekend. This would fall short of the "first step" towards a 35-hour working week for which IG-Metall has been striking, but would give close to half of the steel labour force extra, paid shifts as well as three more days' annual holiday and an average 4 per cent pay rise for all.

These terms, with the emphasis on night-shift men and on older workers, are considered by observers to be a substantial improvement on the earlier compromise plan by Herr Farthmann which the union side rejected in the middle of last month. It has been estimated that the package now under discussion would add about 5.7 per cent to wage costs.

Crippled tanker heading for Portuguese waters

BY ROBERT GRAHAM IN MADRID

THE CRIPPLED Greek supertanker, Andros Patria, with its cargo of 208,000 tonnes of crude oil, was being towed by two tugs towards Portuguese waters last night. Four Dutch salvage experts were on board to assess how to save the vessel and prevent pollution of the rich shellfish beds along the Galician coast.

According to the Spanish Navy, the threat of such a disaster receded only temporarily yesterday, because of calmer seas. The vessel has a 45-foot tear in its hull, close to the waterline, as a result of five explosions that occurred off La Coruna on New Year's Day. There is no crew on board.

So far some 50,000 tonnes of crude are believed to have leaked. But, according to the Spanish Navy, only 10,000 tonnes have formed into oil slicks, and the rest has been burnt up inside the tanks. Portuguese Air Force officials report an oil slick, 14 miles long, heading out towards the Bay of Biscay.

The tanker was being towed at two knots last night and was reported to be some 100 miles out to sea and close to the division between Portuguese and Spanish territorial waters. A Portuguese naval vessel was at the scene together with a Spanish corvette.

BP has sent British Promise, a 250,000-tonne tanker in ballast, to the stricken ship to help in any way it can, including the offloading of crude. That it what all parties involved would like to happen, but such an operation cannot take place at sea without serious risk. Until now, neither the Spanish nor the Portuguese authorities have been willing to permit such an operation, either in calm waters close to the coast or in a port.

Talk of the Andros Patria being towed in its present state to a Lisbon drydock is regarded as premature, especially as the dock is inside the mouth of the River Tagus.

Cautious French attitude to policing the Channel

BY TERRY DODSWORTH IN PARIS

M. JOEL LE THEULE, the French Minister of Transport, warned yesterday that it may take several years to work out adequate policing methods for shipping in the Channel.

Speaking at a news conference in Paris, he said that much will depend on the effectiveness of the new Anglo-French scheme for locating vessels entering and using the Channel which came into effect on January 1.

This project is designed to give the authorities a clearer picture of the movement of ships carrying certain kinds of dangerous cargoes. These vessels can report to stations being set up in the UK and France.

M. Le Theule went on to warn, however, that longer term improvements in the management of Channel traffic will depend on more detailed studies. These are being undertaken in collaboration with Britain with a view to creating an integrated system covering the whole stretch of sea.

The minister also disclosed that the French authorities are studying various problems raised by the growth of the pleasure boat fleet in France. This has expanded from 205,000 vessels in 1968 to 452,000 last year. Among the principle concerns of the ministry is that the fleet as a whole is inadequately insured.

Only about 65 per cent of new sailing boats take out insurance, and 51 per cent of motor boats. There are indications that an official study group will come out in favour of tighter insurance regulations to cover the rising costs of rescue and safety operations.

Gen. Alexander Haig

Gen. Haig resigns NATO command

Giles Merritt in Brussels

GENERAL Alexander Haig, Supreme Commander of the Allied Forces in Europe, is to resign from his top NATO position on June 30. In a brief statement General Haig (54) said he had "no immediate plans" to embark on a political career when he returns to the U.S.

The announcement comes after almost a year of speculation that he might be a potential Republican presidential candidate in the 1980 elections. But his decision to step down in six months time has nevertheless come as a surprise as it was made public during the course of an otherwise routine New Year Press briefing on military developments during 1978.

General Haig said he was allowing a six-month interval to give time for his successor to be found. He had originally wanted to step down in the middle of last year, but following discussions last February with President Carter and Mr. Cyrus Vance, U.S. Secretary of State, he had agreed to remain for a further year.

The identity of General Haig's successor is unknown and NATO observers say there is no obvious candidate. But it is certain that the position will once again be filled by an American, for in addition to being overall commander of NATO forces grouped in the 15-nation alliance, the Supreme Allied Commander commands the 200,000 U.S. troops in Europe.

In spite of misgivings among some of the European allies, notably the Netherlands, when he was appointed in September 1974, General Haig is considered to have made a very substantial contribution to increasing NATO's effectiveness.

Within NATO, General Haig is widely considered to have developed the role of Supreme Commander. In contrast to his predecessor, General Andrew Goodpaster, General Haig added a political dimension to his duties that is believed to have been an important element in the strengthening of NATO conventional forces.

Jurek Martin adds from Washington: Gen. Haig's name has cropped up regularly in recent weeks as a possible contender for the Republican Party's presidential nomination next year in what is threatening to become an extremely crowded field.

His chances of success, should he make a move, do not appear on the surface to be overly bright, since he would have to start campaigning extremely late. However, in the event of a deadlock in the course of the primaries in the spring of next year, he might appear as a compromise candidate.

Bonn government an unwilling industrialist

BY GUY HAWTIN IN FRANKFURT

FEW GOVERNMENTS in Europe are so fundamentally opposed to the concept of nationalisation as the Federal German Government. In this matter, the ruling Social Democrats see eye-to-eye with both their Free Democratic coalition partners and the Christian Democratic opposition.

But although the ethos of the West German social-market economy remains robustly private enterprise in character, the Federal Government, itself, has substantial investments in industry—investments it sometimes shares with private shareholders.

The history of these shareholdings is diverse. Some were inherited from previous governments when the Federal Republic was established after the last world war. However, despite the prevailing government philosophy that the private sector should solve its own problems—indeed, lame ducks get little official sympathy here—some of the holdings have been wished upon it.

Figures published by the West German Finance Ministry show that the Federal Government owns holdings of up to 80 per cent in some 600 concerns, from energy utilities to heavy industrial operations such as aluminium smelters.

While by no means all of the federal Government's investments show a profit, last year it received some DM156m ($85.3m) in dividends. In 1977 its earnings from its industrial shareholdings amounted to some DM116m.

The Government's holdings are widely spread. For instance, it owns the national air carrier, Lufthansa, and naturally is also the sole owner of the federal railway system, the Bundesbahn. It also has holdings in dock and harbour operations.

Veba, West Germany's largest industrial concern, counts the Government as its largest shareholder. Just under 44 per cent of its about DM1.4bn share capital is in Government hands, with the rest widely spread in the private sector.

The Veba group's interests are broadly concentrated in the energy sector, although it is also a major chemicals producer and glass manufacturer. For 1977 Veba's dividend was halved from 1976's 12 per cent to 6 per cent after a hefty drop in profits, but this year things look much brighter with a 43 per cent profits growth in the first three quarters.

Veba, at least, shows the Government some return for its money as opposed to the Bundesbahn which loses in real terms up to DM15bn annually, or its investment in aluminium smelting operations which have shown little but losses for many years.

Altogether the federal Government has stakes in concerns which control a substantial slice of the basic raw materials that keep German industry ticking over. They control 9 per cent of the country's domestic oil supply, 10 per cent of coking coal and crude steel production, 11 per cent of black coal output, 12 per cent of crude iron capacity, 14 per cent of all shipbuilding and 20 per cent of all power generation.

In certain sectors, concerns in which the Government has holdings exert an even greater control over industrial branches. Salzgitter, which is 100 per cent owned by the federal Government, controls some 80 per cent of West German iron ore extraction. Furthermore, the aluminium smelters in which the Government has stakes account for 50 per cent of total West German capacity.

The Government is also a major shareholder in Volkswagen — surely, the very epitome of the "economic miracle." VW accounts for almost a third of all private cars registered in the Federal Republic and the Federal Government owns 20 per cent of its equity, with a further 20 per cent owned by the State Government of Lower Saxony.

The Federal Government's industrial holdings are, in fact, concentrated in six major concerns—Veba, Vereinigte, Industrie-Unternehmungen (VIAG), Salzgitter, Saarbergwerke, Volkswagen and Industrieverwaltungs-GmbH. Their subsidiaries account for many of the 600 concerns in which the Government has holdings. Additionally, of course, there is the Bundesbahn, Lufthansa, Frankfurt airport and the Kreditanstalt fuer Wiederaufbau, the banking operation set up to provide finance for West Germany's post-war reconstruction.

At the end of 1977 the federal Government had holdings in some 91 private or publicly quoted concerns with a total nominal capital of DM 8.4bn. The Government stake amounted to DM 4.7bn—or 55 per cent of the total.

The six leading concerns at the end of 1977 had an aggregate turnover of DM 65bn, of which Veba and VW alone accounted for some DM 52bn. This year the Government's industrial holdings should show a turnover of some DM 70bn and its capital investment in its industrial empire last year is expected to total DM 4bn.

But the German Government remains a largely unwilling industrialist. It has shown no real enthusiasm for increasing its holdings and on a number of occasions has made it clear to companies in trouble that—no matter how important they are—they can expect no Government assistance.

Spain and vatican in new accord

By Robert Graham in Madrid

SPAIN was due yesterday to initiate a new era of relations with the Vatican with the signature in Rome of four agreements that replace the Concordat of 1953. The agreements, which took more than two and a half years to negotiate, will form the basis of the relationship between the Spanish Roman Catholic Church and the State.

They cover the Church's legal status, the role of religious education in national life, the position of religion in the armed forces, and state support for the Church and its institutions.

The newly-approved Spanish constitution recognises religious freedom, but also the Roman Catholic nature of Spain, so retaining a certain ambiguity in the relations between Church and state.

The state has agreed to phase out over three years its direct annual subsidy to the Roman Catholic Church. This will be replaced by a special form of "religious tax." People will be asked to state their religion on their tax forms, and whether they are willing to pay a portion of income—say 1 per cent—to the Roman Catholic Church or any other recognised religion. For those who are not members of a recognised religion, the deduction would go to some approved charitable cause.

The legal aspects of the new relationship mainly concern the definition of competence of Spanish versus canon law. Church marriage, for instance, is recognised by Spanish law, but where there is a case of divorce or legal separation, the state has reserved the right to be the ultimate arbiter.

One of the most delicate issues in the negotiations was that of religious education, over which the Roman Catholic Church was anxious to retain its powerful hold. The new agreement, however, in recognising freedom of religion, has declared Catholic religious education to be non-compulsory.

Cold wave brings disruption to East European economies

BY LESLIE COLLITT IN BERLIN

THE ECONOMIES of Eastern Europe are being seriously disrupted by heavy snow. Electricity and gas production is worst affected, and industry throughout the region is receiving below-normal supplies of power. In steel plants, all available electricity is being used not to smelt steel but simply to maintain the temperature levels in blast furnaces to prevent permanent damage.

Shivering people from Poland across East Germany, Czechoslovakia, Hungary to Bulgaria are experiencing periodic shutdowns of electricity, while gas is turned off for longer periods. Herr Heinz Ziergiebel, East Germany's deputy Minister of Coal and Energy, said conditions in East Germany's vital open-cast lignite mining pits are the worst in his 30 years' experience.

Brown coal in East Germany and to a large extent in Czechoslovakia is used to produce nearly all electricity, as well as household gas, steam for central heating and briquettes to heat individual ovens. But brown coal production in East Germany has dropped to only one-third of normal in recent days.

A division of East German soldiers and 120,000 miners, together with police and civilians, are working round the clock to repair damaged mining equipment, such as a torn conveyor belt that crippled a 590-yard-long bucketwheel monster at Espenhain, which normally strips away the brown coal 24 hours a day.

Although East Germany and Czechoslovakia have plentiful sources of fuel—even if it is low-energy lignite—and can use oil from the Soviet Union exclusively for the chemicals and plastics industries, dependence on brown coal can be a hazard at a time such as this.

The frozen coal from the pits now has to be pried loose from railway cars with jets of hot steam, or blasted out. Banks of jet engines are also used in the thawing sheds of power stations to break apart the frozen lignite. But they are often found to use up more energy than can be produced by the lignite.

Politburo appeals are going out to East Europeans not to allow the loss in industrial output to affect this year's economic plan targets, which in most cases were already lower than in past years.

Messages of encouragement

Tens of thousands of East Germans have been organised into labour units aiding rescue workers and the army in helping the many people cut off from electricity, food and medical supplies in the northern part of the country. Fresh snow is falling in the area, and the locals are helping to dig out stranded trains and unlock frozen switching equipment.

Cost of pollution control to rise

BY DAVID FISHLOCK, SCIENCE EDITOR

BY 1985 it will be costing European countries an additional $1.55bn-$1.8bn to operate pollution control measures in order to maintain at present levels atmospheric emissions of sulphur from the burning of fossil fuels, according to an OECD study*.

This will be the cost of removing a further 6m tonnes of sulphur dioxide from coal and oil, or from their combustion products, in order to maintain emissions at their existing level of 20m tonnes a year.

However, if Europe wants to reduce its sulphur dioxide emissions to the maximum practicable extent, the annual operating cost will be about $4bn.

The two-year study of clean fuel supply proposes that a "standstill" policy on sulphur emissions could be implemented by 1985 by taking three courses of action.

One would be to wash all hard coals, reducing sulphur dioxide emissions by about 1m tonnes a year, at an estimated operating cost (1985) of about $350m.

Another would be to install flue gas desulphurisation on all new (post-1974) boilers of more than 100MW fired by lignite, thus reducing sulphur dioxide emissions by another 1m tonnes a year, at an operating cost of $300m in 1985.

The third course of action would be either to restrict the burning of high-sulphur (4 per cent) fuel oil to new (post-1980) power plants having flue gas desulphurisation, or else to reduce the sulphur content of the oil to 0.5 per cent. Either option would reduce sulphur dioxide emissions by about 4m tonnes, at an annual cost of $1bn-$1.25bn.

According to the study, there is urgent need to reduce sulphur emission because of its adverse effects on health, vegetation, forests, rivers, lakes and materials. The ability of this source of pollution to migrate over long distances and across national boundaries has now been proven, it says.

* Clean fuel supply, pp. 103, published by the OECD, 2, rue André-Pascal, 75775 Paris, CEDEX 16. £3, $6.25, FFr 25.

Irish tax disparity revealed

By Our Dublin Correspondent

THE LATEST Irish Government exchequer returns seem likely to give added weight to the voices within the labour movement which are arguing against any negotiations on wage restraint for the coming year.

The natural antipathy beween Irish urban and rural dwellers has increased in recent years because of a feeling that the industrial worker and salary earner is paying more than his fair share in taxes when compared with the farmer. The returns for 1978 tend to bear out that argument.

Despite the growing prosperity of the agricultural community since Ireland joined the EEC, the proportion of tax revenue contributed by PAYE workers has risen again and now stands at 86.5 per cent of the total income tax bill.

The farming community, which is reckoned to have received more than £800m as a result of EEC membership, contributed £8m in taxes in 1978, compared with £523m from PAYE contributors. The fact that the farmers' bill will probably come out at £21m for the full tax year is unlikely to lessen PAYE workers' resentment.

However, farmers may find themselves paying more tax after this month's budget because it seems unlikely that any Irish Government will continue to ignore the disparity.

In other ways, the returns contain a fair measure of consolation for the Government. They are close to last year's forecasts, and the current deficit is just £7m less than the £405m forecast.

In addition, the Government's borrowing requirements have been made much easier by unprecedented foreign investment in Irish Government stocks during 1978.

RHINE-MAIN-DANUBE WATERWAY

The last 50 miles of Charlemagne's ditch

BY FABIAN ACKER

HIGH UP in the hills south-east of Nuernberg, workers are finishing the latest section of a European canal which will eventually connect Rotterdam, on the North Sea, to the Black Sea. The bollards are already in place alongside the 25 metres deep cement-lined ditch, nearly 350 metres (about 1,150 feet) above sea level, although the first barge will not pass through until 1985.

The idea of linking the Rhine-Main river system to the Danube was suggested by Charlemagne. Even after Ludwig I of Bavaria dug the first canal to join them in the 19th century, the project was commonly known as Charlemagne's ditch. The Danube flows roughly south-eastward towards the Black Sea, and the Rhine north-westward towards Rotterdam and the Atlantic; to tie the two systems, a canal only 171 km (about 113 miles) long is needed.

The biggest problem is not the distance between the Main and the Danube, but the hills of the Francouian Alps between. To join the highest point of the Main at Bamberg and the corresponding highest point on the Danube at Kelheim, the canal must first climb 170 metres (about 560 feet) and then descend 70 metres.

Although the canal is the key element in the whole system, the three rivers also need to be developed to allow traffic to move freely along the route of 3,500 km (about 2,100 miles). Much work has already been completed on the Main, the Rhine, and the Danube in Germany, and in Austria and the East European countries through which the Danube flows (Czechoslovakia, Yugoslavia, Hungary, Bulgaria, Romania and the Soviet Union).

To complete them, a series of pumps are to be installed, or are in the process of being installed, at various locks on the Danube side of the hills. Each pumping station will comprise five units, three of which will be used to transfer water to the Rhine-Main system, via the canal, for irrigation purposes, and two to keep the canal topped up for navigation. Ten of the 11 locks on the Nuerenburg side of the canal will have small storage reservoirs alongside. When a ship is lowered from one level to another, 60 per cent of the water will not flow into the canal but will be held back in the reservoirs. It will be used to refill the lock before the next vessel comes in, so that only 40 per cent of the lock's requirements need be taken from the canal.

The Danube has a fairly healthy flow, but on the Main sometimes the rate drops so low that agriculture in the area is put in jeopardy. It makes sense, therefore, to use the Danube to help boost supplies when necessary. When the Danube flow is only adequate to support its own navigational and agricltural needs, the Rhine-Main will be fed instead from a reservoir now being built at Brombach

The small river that feeds this reservoir, the Altmuhl, will also feed the canal on the Danube side of the Jura range, so that simple river control can be used to fill the reservoir in spring time, and then allow the excess water to feed the canal for the rest of the year. To allow the Altmuhl to be used in this way, two dams will have to be built across it, as well as some other civil engineering works.

Much of the energy that is consumed in pumping will be recovered eventually, although nobody is quite sure just how much it will be. Many of the locks on the Main have small hydropower units. As water is fed into the river both from natural sources and by the Danube via the canal, hydrogenerators will utilise the flow.

In fact power generation will pay for the construction of the German part of the canal-river system. A company was formed by the German and Bavarian governments in 1921 to build the canal with money raised from hydropower on certain designated rivers, part of the Main, the Danube, the Altmuhl and the Lech. Altogether 49 hydrostations have been built, with an installed capacity of 400 MW which generate about 2.4bn kWh in an average year. Another four stations are planned or are under construction, and they will add an eventual 400m kWh a year.

The company can use the profits from its stations to finance the canal until 2050, when it will be dissolved and the stations handed over to the principal shareholders, the Federal and Bavarian governments.

The company gets some interest-free loans from the Federal and Bavarian Government, which it has to repay from its income. As each section of the canal is finished it is handed over to the shareholders which may levy fees on shipping. The Rhine and Danube are considered international waterways and no charges may be levied on craft using them, but the canal and the Main are not. Each vessel which uses that part of the system will be charged.

Traffic on those sections of the rivers which are to be linked by the canals has already increased, mainly as a result of widening, deepening and water control. Traffic on the Main increased from 4.8m tonnes in 1936 to 26.1m tonnes in 1973. However, the difficult economic climate of the past few years caused the tonnage to contract slightly to 21.5m tonnes in 1977. That part of the Bavarian Danube which has been developed carried 3.1m tonnes in 1976, 15 per cent more than in 1975, but below the 4m tonnes reached in 1970. This section of the system was adversely affected by a number of dry years which reduced the draught, and thereby the number of vessels using it.

Other countries on the Danube are working on improving its navigational properties, although, some objectors feel, at the expense of its natural beauty. Certainly Austria is battling with the environmentalists over certain planned dams.

Farther east in Europe development appears to be less vigorous. The Danube is navigable by certain craft all along from Austria to the Black Sea, but the 1,350-tonners which can negotiate the Rhine-Danube Canal cannot negotiate the more difficult passages downstream in Hungary.

All the same, by 1985, Charlemagne's Ditch will finally be completed spanning 2,000 miles across Europe and 11 centuries.

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Step forward for UN's Namibia settlement plan

BY OUR UNITED NATIONS CORRESPONDENT IN NEW YORK

EFFORTS TO bring Namibia to independence on terms acceptable to the United Nations moved a step forward yesterday and the threat of sanctions against South Africa receded.

Acknowledging the South African Government's agreement to United Nations supervised elections, which will supersede polling held last month for a constituent body the UN does not recognise, Dr. Kurt Waldheim, the UN Secretary-General, said a date for the new balloting should be set soon through consultations.

The proposal by Mr. Pik Botha, South Africa's Foreign Minister, of a date not later than September 30 was consistent with proposals approved by the Security Council, Dr. Waldheim said.

He accepted Mr. Botha's invitation, in a letter dated December 22, for Dr. Waldheim's special representative, Mr. Martti Ahtisaari, to visit South Africa and Namibia to complete consultations. Mr. Ahtisaari will go to the area next week.

His purpose will be to discuss operational requirements for deployment of a UN transition assistance group. Dr. Waldheim said this must begin before the end of February if the September election target was to be presence and the holding of observed.

A seven-month lag between the establishment of the UN elections is envisaged in the *Namibia settlement* plan negotiated by Britain and four other Western members of the Security Council and approved by that body last September.

On the question of an end to *the violence that, has plagued* Namibia, where guerrillas of the South-West Africa People's Organisation (SWAPO) have been fighting against South African troops and police, Dr. Waldheim said both sides had informed him separately of their willingness to undertake a comprehensive ceasefire. He would, at the appropriate time, propose a procedure for the start of the ceasefire.

Dr. Waldheim said he was giving instructions for consultations about composition of the military component of the UN presence to take place in New York. South Africa has objected *to the proposed size of the UN* security force — 7,500 officers and men — and has reservations about participation of contingents from states of the Organisation of African Unity, which supports SWAPO.

Under the UN plan, the transition group will compromise more than 1,000 civilian officials, in addition to military and police components. The whole operation, estimated to cost $300m would be the biggest of the kind since the UN intervened in the Congo in the early 1960s.

Quentin Peel reports from *Johanesburg*: Mr. Pik Botha yesterday welcomed Dr. Waldheim's decision to send his special representative back to South Africa and Namibia as "positive and constructive." He said the statement by the UN Secretary-General was one of the most positive statements from the UN on South Africa in years.

Two key areas remain to be resolved. In addition to the size and composition of the proposed UN peacekeeping force, agreement is needed on how to *identify* a "visible peace" in the territory. Before such a condition exists South Africa would be unwilling to withdraw any of its troops.

The difficulty has been highlighted by recent bomb attacks in Windhoek and the coastal resort of Swakopmund, for which the authorities have blamed SWAPO. South Africa insists that if acts of violence do not cease, it will not withdraw its troops. In that event SWAPO would probably boycott the UN-supervised election.

S. Africa Press code talks

BY OUR JOHANNESBURG CORRESPONDENT

THE EDITORS of all the major newspapers in South Africa are to attend a special meeting later this month to work out their response to a range of tough Government demands for greater caution and accountability in the Press here.

They face the threat of the reintroduction of legislation to control the Press if they fail to come up with proposals which satisfy the Government.

No official statement has been made about the demands made by the Government, although there have been a series of statements by Mr. P. W. Botha, the Prime Minister, and other Cabinet members, warning against "rumour-mongering" related to the scandal over misuse of funds in the former Information Department, and telling the Press to "get its house in order."

However, at a private meeting with newspaper publishers last year, Mr. Botha made a series of more specific demands, including the advance vetting of newspaper stories and controls on foreign newspaper correspondents, according to a confidential memorandum.

The memorandum, circulated to editors by the Newspaper Press Union (NPU), *says Mr.* Botha accused the newspapers of not keeping to the spirit of their own (voluntary) Press code. His specific demands included: preventive action by the Press Council to stop publication of damaging stories; foreign correspondents and local stringers of overseas newspapers to be subjected to "some form of discipline"; a right for the Minister of Police (Mr. Jimmy Kruger) to be given sources of Press reports when he required them; and the right to get intedicts from the Press Council to "prevent publication of unsuitable material."

According to the memorandum, the Government side in the meeting, which included Mr. Pik Botha, the Foreign Minister, and Mr. Alwyn Schlebusch, the Interior Minister, as well as the Prime Minister and Mr. Kruger, said that foreign correspondents "should not be permitted to besmirch South Africa's good name . . . *they must be answerable* to someone for the accuracy of their reports."

If the Press "did not put its house in order," Mr. Botha threatened to appoint a Parliamentary commission "to investigate all aspects of the Press and report back within the next session of Parliament."

While the NPU seems ready to consider changes in the mechanics of its Press Council, any changes in principle, and any suggestion of "preventive action" by the Press Council, are *almost certain to prove* unacceptable. On the question of foreign corerspondents, the NPU suggests that journalists employed by any South African newspaper should write for overseas poblications only with their editor's permission, and "they would be expected to work within the letter and the spirit of the Press code."

Egypt ready for new peace bid

BY ROGER MATTHEWS IN CAIRO

EGYPT IS ready to resume efforts to reach a peace treaty with Israel, Prime Minister Mustapha Khalil said yesterday after a five-hour Cabinet meeting. A letter would be sent to Mr. Cyrus Vance, the U.S. Secretary of State, within the next two days spelling out Egypt's position.

"We will leave to *him* the method of how to establish contact between the two sides, and if these contacts *are fruitful* then negotiations can be started," said Mr. Khalil.

However the Prime Minister added: "We are ready to resume the efforts to sign a peace treaty with Israel on the basis that it has to be a comprehensive peace and not a separate treaty with Israel."

This was another reference to the main stumbling block to the conclusion of a treaty, Egypt's insistence that it should be firmly linked to a timetable for Palestinian self-rule on the Israeli-occupied Gaza strip and West Bank. Israel has refused to agree to specific dates being set either *for* elections in the *occupied* territories or *for* the establishement of a Palestinian authority.

Both the Prime Minister and President Sadat are scheduled to visit Sudan later this month for talks on progress towards unifying the two countries, and officials in Cairo do not expect talks with Israel to resume before the end of January and perhaps not until into February. machine 43——3 on 8!——

● L. *Daniel writes from Tel Aviv:* Israel will face three economically difficult years, following signature of the proposed peace treaty with Egypt, Mr. Simha Ehrlich, the Israeli Finance Minister warned yesterday.

The I£60bn (£1.5bn) which will have to be spent on the *evacuation of Sinai* and the construction of new bases in the Negev could reinforce infla-*tionary pressures* and *divert* part of the country's scarce labour force from production.

One third of the estimated expenditure will be on the new airbases in the Negev to replace those built in Sinai, and the minister hoped that the U.S. would not only finance this, but might build the bases as well.

Problems of peace for Iraq and Syria

By Ihsan Hijazi in Beirut

IRAQ AND SYRIA resumed talks this week in an attempt to fulfil their declared intention of establishing a unified and solid eastern front against Israel.

A joint committee met in Baghdad to discuss co-operation between the two neighbouring Arab States in the political, economic and cultural fields. Mr. Abdel Halim Khaddam, the Syrian Vice-Prime Minister and Foreign Minister, represented his country in the talks. The Iraqi side was headed by Mr. Tarik Aziz, a member of the ruling Revolutionary Command Council.

This was the committee's second meeting since Iraq and Syria ended *a decade of hostility* last October by signing a "charter for pan-Arab action." The current talks will also pave the way for a State visit to Syria by Iraqi President Ahmed Hassan al Bakr, and his second-in-command, Mr. Saddam Hussein, to repay President Hafeez Assad's visit *to Baghdad ten weeks ago.*

Aside from re-opening their border to normal traffic and ending a war of words, the Iraqi and Syrian regimes have not moved significantly towards any of their ambitious goals.

The reason, according to officials in both countries, is that it is "better to move slowly but surely."

Many problems which have been accumulating or 10 years have to be resolved. "We have piles of dossiers of unresolved questions with Iraq," a Syrian Cabinet member remarked to a visitor recently.

At the economic level, the officials are working on two *main problems: resumption* of pumping of Iraqi crude oil two Mediterranean terminals, and in return, allowing Iraq to draw its share of the waters of the Euphrates River.

Cutting off the Iraqi oil flow deprived Syria of $200m annually in transit royalties.

The Syrian Government retaliated by diverting the Euphrates waters to a dam in the northeast of the country instead of letting it go to Iraq, causing irrigation problems for Iraqi farmers.

Official announcements in Baghdad and Damascus during the past few weeks spoke of progress in *resolving the two issues.*

Removing these obstacles is essential for the creation of a *friendly atmosphere*, without which unity is impossible.

Two complicated problems are being left to the last—military union and the merger of the two factions of the Ba'ath Party which control the Government in both countries.

Iraq already had offered to station troops on the Syrian side of the Golan Heights front line, but Syrian officials were reported to have suggested *deferring the matter* until attainment of complete military unity.

The two countries have declared their intention to correct the military balance with Israel in the wake of Egypt's exit from the confrontation.

Iraq recently moved troops to the border with Syria. They are on stand-by orders to go into Syria should the need arise.

The consensus among analysts is that the main challenge to the Syria-Iraqi alliance is the re-unification of the Ba'ath Party.

When the party divided, Syrian Ba'athists dismissed their Iraqi opposite numbers as "counter-revolutionaries." The Iraqis insisted they had party "legitimacy" on their side.

This is because Mr. Michel Aflak, the Party founder, is the secretary-General of the Baghdad-based faction.

The 64-year-old Mr. Aflak, himself a Syrian, founded the Ba'ath Party 31 years ago. A younger generation of Ba'athists ousted him and other veteran party leaders in a military coup in Damascus 12 years ago.

Ever since, the party has been split into two factions. When Mr. Aflak's supporters seized power in Iraq in 1968, he and other exiled Syrian Ba'athists went to live in Baghdad.

The Ba'athist schism has been marked by assassinations and acts of sabotage.

Arab diplomatic sources believe the two countries have no alternative but to stand by each other. With Egypt going it alone in treaty with Israel, Syria has lost its traditional Arab ally not only against Israel but against its own Arab opponents.

Iraq, as the strongest Arab military force after Egypt, is the only power which can provide Syria with the support it needs in the confrontation with the Jewish State.

Meanwhile, reports yesterday in the Lebanese Press said major Government changes in Syria are imminent, involving the Ministry of Defence and the army chiefs of staff.

A Cabinet of technocrats is expected to replace the present Government of Prime Minister Mohammed Ali Al Halabi, the newspapers said.

Anti-Shah riot in California

LOS ANGELES — Two hundred police with rifles and *revolvers drawn* last night battled hundreds of Iranian anti-Shah demonstrators (left) at a mansion where the Shah's mother is staying. The demonstrators, chanting "Death to the Shah," set fire to bushes. They then overturned a car and set it ablaze. Thirty demonstrators were injured.

In Moscow, the Communist Party newspaper Pravda denounced what it called "provocative anti-Soviet inventions" spread by the U.S. about Kremlin policy in Iran. Reuter.

Emirates may face petrol shortage

BY KATHLEEN BISHTAWI IN DUBAI

THE United Arab Emirates may face a shortage of petroleum supplies if the political situation in Iran deteriorates further.

Just 20 miles offshore, Dubai is pumping over 330,000 barrels per day of crude oil from the sea, and 100 miles down the road the sheikhdom of Abu Dhabi is producing 1.45m b/d. Yet because local refineries are not large enough to cope with domestic demand, the two wealthy Emirates are having to queue up like everyone else to acquire refined oil products and lubricants in a market which is rapidly becoming starved of supplies because of the Iranian shortfall.

Abu Dhabi is in a better position than Dubai. Its local fuel needs are eased by the Umm al Nar *refinery, which produces* 15,000 b/d, but even so it finds it has to import certain products. Dubai and the northern Emirates are not so comfortably off, for all their petroleum supplies have to come from outside.

According to Government statistics, most of these supplies come from Iran, which, for Dubai, was the major supplier of petrol. Shell is the largest provider to the northern part of the country, but the company imports much of UAE's needs from a refinery in Singapore, *where a "proportion" of its* supplies are from Iran.

The two other major companies, BP and Caltex, are in a better position, for their oil imports are largely provided from a refinery in Bahrain using local crude. But even so, a BP official stressed the need for "caution" in the future.

"Our local needs here in the UAE are being looked after by our supply co-ordinating centre in our London office, which is, of course apportioning supplies according to need. But if the *situation in Iran goes on*, then we may have to restrict sales to our customers."

Both companies stress that as yet there is nothing to worry about, but that "everyone is keeping their fingers crossed" in the UAE.

Saudis raise oil output

BY JAMES BUCHAN IN JEDDAH

THE SHUTDOWN in Iranian crude oil exports and the bout of cold weather in Europe is believed to have allowed Saudi Arabia to maintain production at its pre-Christmas average of over 10.5m barrels a day—the highest level since the start of the financial year in June.

There has been no official confirmation of this. But oil analysts here say that the high production levels have been made possible by increased liftings of medium and heavy crudes — similar to Iranian crudes—for which there was strong spot demand after the *Iranian oilfield strikes.*

At the same time, the support that Saudi Arabia expresses for the present regime in Iran makes it likely that Saudi Arabia is also supplying Iran with oil products.

Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, said at the OPEC pricing meeting in mid-December that the Iranian *crisis would not affect* either Saudi Arabia's 8.5m b/d annual production average or its 65-35 ratio of Arabian light to other crudes.

But in fact it is understood that Saudi policy is a great deal more flexible. Sheikh Yamani has said that Saudi Arabia will "bear the burden" of reducing production should the situation in Iran improve.

Kuwait rebuffs consortium

BY LESLIE MITCHELL IN KUWAIT

KUWAIT has refused so far, to raise its crude oil production to supply members of the Iran consortium and has been unable to sell refined products to Iran because of previous commitments.

According to an Oil Ministry *official*, streams of visitors have called at *the office of* Sheikh Ali Khalifa Al-Sabah, Kuwait's Oil Minister, to ask for extra crude, but to no avail. Sheikh Ali Khalifa has been saying all along that the Organisation of Petroleum Exporting Countries (OPEC) should not raise production because of the Iranian crisis until the consuming nations have depleted their stockpiles. Whether he will change his mind after the latest OPEC price increase became effective on January 1 is another matter.

Representatives of the Iranian Government are reported to have visited several Gulf countries seeking supplies of refined products to meet internal needs. According to an official at the Kuwait National Petroleum Company, the company that markets Kuwaiti refined products, Kuwait has been unable to help Iran because it has already committed its products.

Iran's predicament is excerbated by the fact that the market for the middle and lighter products which it wants is already tight east of Suez

West considers aid cut to force changes in Guyana

BY HUGH O'SHAUGHNESSY

WESTERN GOVERNMENTS unhappy about the political situation in Guyana, are debating whether to cut aid to the country in an effort to persuade the Government of Mr. Forbes Burnham to adopt more orthodox political processes.

Western, particularly British, unhappiness with Mr. Burnham arises from persistent reports of fraud in the referendum held in July. While the Government claimed a very large majority in favour of the scrapping of various constitutional safeguards, opponents of the Government claim that turnout was small and support minimal.

Claims of electoral fraud echo similar reports which circulated after the general elections of 1968 and 1973. Both those polls were won by Mr. Burnham's People's National Party (PNP).

Western Governments are also concerned at the continuing racialism in Guyanese politics. Majority support for Mr. Burnham and the PNC comes from the Negro community, to which it is claimed the Government is excessively partial, while much support for the Marxist opposition People's Progressive Party (PPP) comes from the East Indians.

Mr. Forbes Burnham, Prime Minister of Guyana

Though few Western Governments relish the prospect of rule by the Moscow-line PPP and its leader, Dr. Cheddi Jagan, they are becoming increasingly impatient

Officials suggest that if existing political practices remain unaltered in Guyana, Mr. Burnham's chances of obtaining further finance under the Caribbean Development Facility may be blighted.

The facility was established in the middle of last year by Britain, the U.S., Canada, Venezuela, Colombia, France, the Netherlands, Norway, the World Bank, and the OPEC Special Fund. Some $120m has been pledged to the Caribbean for the year to June, 1979. The facility is manned and administered by the World Bank.

Guyana is the second biggest beneficiary of the facility in the current year, receiving $23m against the $53m which went to Jamaica. The facility provides mainly programme aid, which is more easily and quickly available than project aid.

Fears that Mr. Burnham could turn to the Communist world for money were dispelled last year after Mr. Burnham returned from a tour which included Peking and Moscow without bringing back any major pledges of financial assistance.

Little more has been heard of the idea floated in Guyana in 1977 that the country be linked with Comecon, though shortly before the Jonestown affair last November, Guyana signed a cultural agreement with Cuba.

Volkswagen breaks Big Four's domination of U.S. car market

BY DAVID LASCELLES IN NEW YORK

THE BIG FOUR U.S. car manufacturers' domination of the domestic market was finally cracked in December by Volkswagen, which nudged out American Motors Corporation (AMC) to become the country's fourth-largest seller of domestically-produced cars.

Although this had been expected since VW opened its U.S. plant in Pittsburgh last spring, it highlights the fast-growing popularity of the small cars in which VW specialises.

According to sales figures for December 11-20 released yesterday, VW sold 2,808 domestically made cars, compared with AMC's 2,429, giving VW a lead of just under 400 units.

Total car sales by domestic producers during the period were 214,618, which means that VW and AMC combined were only battling for about 2.5 per cent of the market. Nevertheless, VW is expected to increase its sales further, initially at AMC's expense, although later it may take business away from the giants, as smaller, more fuel-efficient cars gain popularity.

VW's success last month was helped because AMC, by far the smallest established U.S. company, is grappling with declining sales and an inability to compete with the big companies. AMC's latest car sales figures are 42 per cent down from last year, and production has also fallen.

Two weeks ago, AMC announced it was cutting the prices of its major models to increase sales, and yesterday it raised the prices of its larger-capacity cars to improve the price differential between them and its economy models.

VW, on the other hand, which is producing just one model, the Rabbit (sold in Britain as the Golf), from a new production plant, has moved to its present strength from no market at all. It is also importing diesel-powered Rabbits and other models, bringing its total sales for December 11-20 to just under 5,000.

Although the Pittsburgh plant ground to a halt soon after opening because of labour problems, it is now producing about 400 cars a day. This figure will rise to 800 a day when a second production shift begins, possibly within a few weeks.

Businessmen join Caricom working groups

By Our Georgetown Correspondent

BUSINESS REPRESENTATIVES are to be given seats for the first time on official working groups planning advances in the 10-year-old Caribbean Economic Integration Movement (Caricom).

This was announced here by Dr. Kurleigh King, the new Secretary-General of the 12-nation Caribbean grouping.

Resignation complicates Canada fisheries talks

BY VICTOR MACKIE IN OTTAWA

THE FISHERIES and boundaries dispute between Canada and the U.S. has been complicated by the resignation of Mr. Lloyd Cutler, the chief U.S. negotiator. A lawyer in private practice, he decided to leave the talks when it became apparent that no colution would be found in 1978.

Mr. Don Jamieson, Canada's External Affairs Minister, and Mr. Cyrus Vance, the U.S. Secretary of State had set the end of the year deadline. They talked optimistically about reaching at least a partial agreement.

Each side is now reporting to its Government and is proposing several options, an official in Ottawa said yesterday.

The dispute involves reciprocal rights for fishermen on both coasts and four maritime boundaries.

COLOMBIAN ENERGY

Priority for exploration

BY SARITA KENDALL IN BOGOTA

SR. Alberto Vásquez Restrepo, Colombia's Energy Minister, promises aggressive, ambitious energy policies, and is giving top priority to a $3.5bn oil and gas exploration programme in response to the country's critical energy situation.

Oil production has been dropping steadily since 1970, and imports for 1979 will probably amount to 23m barrels—more than one-third of national consumption.

The exploration drive is designed to make Colombia self-sufficient in oil again, and complementary measures will channel demand towards other, more abundant, energy resources.

Between now and the end of the century Colombia will have to invest about $35bn in electricity, gas, oil and coal—"Colombia on its own can probably finance 30-40 per cent of this," calculates Sr. Vásquez.

Plans for the electricity sector alone call for $10bn to be spent up to 1985, more than doubling capacity and significantly decreasing the proportion generated by oil and gas derivatives.

Although there may be short periods of rationing after 1980, these will be caused by low reservoir levels rather than insufficient generation capacity—unless projects are delayed by funding problems.

Even with a far-reaching substitution programme designed to replace oil products with natural gas wherever possible, and gas with coal, Colombia's oil and petrol imports will be costing more than $2bn a year by the late 1980s.

Hence the urgency for intensive oil exploration in areas which hold out good possibilities, though they may be far from good transport facilities and more costly to drill. This would include the Llanos, Northwest Colombia and the Caribbean coast.

Most of the last area already has been contracted for exploration following big natural gas finds offshore from Cartagena and in the Guajira, but the Llanos may not prove as attractive as hoped after the news that one company spent more than $10m on a dry well.

Although President Julio César Turbay talked of introducing risk contracts during his electoral campaign, the idea received little response from foreign oil managers. Current policy is to continue with association contracts.

Colombia is giving top priority to oil and gas exploration. Oil production has been dropping steadily since 1970, and some 23m barrels, more than a third of national consumption, will have to be imported in 1979.

These are popular with the companies because they offer good terms, flexibility and reasonable security, but the Energy Minister plans some changes—for example, a reduction in the size of area that can be contracted.

Colombia has held a much greater attraction for foreign companies since the last government agreed to pay the international price for crude discovered under the association system. Several transnationals have returned to the country and a number of companies are negotiating to explore new areas.

Over the last few years an average of 10 contracts a year have been signed in association with the State oil corporation, Ecopetrol, and over 8m hectares are covered by exploration agreements. Ecopetrol reports that 38 exploratory wells have been drilled with a total investment of $122m up to September 1978.

Despite the increase in exploration activity, it is still running at a much lower level than the Government would like, and Sr. Vásquez speaks of revising upwards an already ambitious drilling programme.

The original aim, established by the last administration, was to drill 800 exploratory wells costing $1.5bn over 10 years.

Assuming a rate of success similar to that of the past, this should increase oil reserves by 1.7bn barrels. Ecopetrol's exploration targets have been raised considerably, and the State corporation plans to invest $77m in seismic and drilling activity during 1979, compared with $17m in 1977.

In contrast with oil, natural gas production will be increasing over the next few years as more coastal fields come into operation and a pipeline to Medellin is built. Reserves in the Guajira alone are calculated at more than 3,500bn cubic feet, and output from the Ecopetrol-Texas fields is planned to reach 400m cu ft a day by 1981.

Similarly, coal production should be in full swing before the mid-1980s, replacing oil products in cement works and thermal power stations.

Colombia also has begun to explore its uranium deposits systematically, and association contracts have been signed with Spanish and French companies. Production for a small nuclear power station could begin in 1990.

But the key to cutting energy costs in the medium term is the oil exploration programme. Some experts feel the Colombian Government is over-optimistic, and the 10-year plan will not produce the results hoped for—neither the rate of foreign investment nor the discoveries will meet expectations.

If it is successful, however, the country will save billions of dollars in imports, which is a strong incentive on the heels of another OPEC price increase.

Schlesinger confident about oil supplies

By Jurek Martin, U.S. Editor, in Washington

THE UNITED STATES should be able to negotiate the next six months without Iranian oil supplies reasonably well but might need to take additional conservation measures in the summer if a more protracted Iranian shutdown seems likely.

Dr. James Schlesinger, the Energy Secretary, told a Press conference yesterday that the Iranian situation was "serious but not critical" from an energy standpoint. Iran supplies the U.S. with about 5 per cent of its oil needs, equivalent to about 500,000 barrels a day.

But a combination of factors, including increased output by other nations, reducing existing stocks and voluntary conservation, should more than compensate for the immediate loss. Dr. Schelsinger noted, though without much apparent confidence, that conservation alone (observing the 55 mph speed limit and turning down home heating thermostats) could save 600,000 b/d.

But, he said, a severe depletion of existing stocks could mean that the U.S. would be ill-equipped to deal with demands next winter if Iranian production was not resumed.

Dr. Schelsinger said he thought Iranian oil would begin to flow again as soon as political stability was restored and that this should take place by mid-year. But he a greed that Iranian needs would have to be met first and that there was good reason to suppose that production would not be resumed at pre-disturbance levels.

Generally, the Energy Secretary declined to be drawn into what sort of additional measures would have to be taken or whether the problems in Iran would affect the policy decisions on energy already before the Administration.

He did say, however, that one of the options—removing controls from domestic oil prices—might have to be postponed until it was clear that the country was not facing severe oil shortages. The Administration has to determine by midsummer what it will recommend when current controls expire.

Dr. Schlesinger pointed out that stand-by petrol rationing plans already existed, although they have not been ratified by Congress, and that next week the Department of Energy would be publishing additional plans for the allocation of oil supplies. These would also be stand-by plans, but the Energy Secretary seemed to indicate that they might be employed if necessary. Informal allocation of supplies to refineries already dependent on Iranian crude was more likely, he suggested.

If Iranian wells are still shut down by the summer, Dr. Schlesinger said that international action on the allocation of supplies presumably under the auspices of the International Energy Agency, would have to be entertained.

He said there was no question but that the U.S. would honour its 1975 treaty obligation to Israel to supply it with crude oil if its principal supplier, Iran, was unable to deliver. He suggested that, given the present oil supply surplus on the U.S. West Coast, North Slope Alaskan oil could be shipped to Israel.

Saudi Arabia, he said had been helpful in increasing its oil production in recent months. But Mr. Schlesinger argued that the Iranian problem essnetially underlined the extent to which the global system of oil supplies was already stretched taut and the extent to which the U.S. was rendered vulnerable by its dependence on that system.

Trinidad sets up inquiry into Texaco

By David Renwick in Port of Spain

Dr. Eric Williams, Prime Minister of Trinidad and Tobago, has appointed a commission of inquiry into the operations of Texaco, the U.S. multinational oil company.

The commission is to investigate whether Texaco has "been working against Trinidad and ... Tobago's national interests," after complaints by the oilfield workers' union that Texaco has been running down its 350,000-barrel-a-day refinery in South Trinidad. The company and the union have reached a deadlock in negotiations for a new industrial contract.

The Government has its own reasons for wanting a public investigation of Texaco Trinidad's affairs. Four years ago, the Government said it would take an equity interest in Texaco's T$2bn (£408m) local operation, but meetings have been sporadic and the Government seems to have formed the impression that the company was withholding vital information. The commission has 60 days to submit a preliminary report.

A. Bell links with PepsiCo to boost U.S. whisky sales

BY PAUL TAYLOR

PEPSICO, the U.S. soft drinks and snack food group, has joined Arthur Bell and Sons, the Scotch whisky distiller, in a ten year drive to boost sales of Bell's whisky in the U.S. and increase the company's market share. Together the two companies are to invest a minimum of $5m (2.44m) during the first five years of the campaign.

PepsiCo Wines and Spirits International, a division of the PepsiCo group, has been appointed sole agent for Bell's Scotch Whiskies and Pufftown-Glenlivet from January 1. Bell's whisky is the biggest selling brand in the UK with about 25 per cent of the market.

The link-up with PepsiCo follows the expiry of an agency agreement with Beam Distilling at the end of last year. There has been concern within Arthur Bell that while the company has continued to raise its UK market share and increase exports, it has failed to make a significant impact on the U.S. market.

The U.S. is the largest Scotch whisky market in the world currently estimated to be about 20m cases (240m bottles) a year or 30 per cent of world sales.

However, despite a major advertising campaign last year, Bell's whiskies still have less than 1 per cent of the market, well behind brands such as J and B Rare, Dewars and Cutty Sark which claim annual sales of about 2m cases each.

The highly competitive nature of the U.S. market has made it particularly difficult for Bell's to change this position. However the company will now be looking for a repeat of its success in other export markets where its volume sales have been rising by more than the average growth in industry figures.

Mr. Raymond Miquel, chairman of Arthur Bell and Sons, said yesterday that the company would hope to increase sales of Bell's whisky in the U.S. to over 1m cases a year within the next 10 years, giving the company a 4 or 5 per cent market share.

To this end the company has recently put together a team of top sales executives in the U.S. who will now work alongside PepsiCo in the sales drive.

Following the expiry of the agency agreement, Arthur Bell had intended to handle the U.S. sales drive itself, however Mr. Miquel said the company had been approached by Pepsico and was impressed by PepsiCo's enthusiasm for the products.

The weight of the new sales drive will be placed behind the Bell's brand which will continue to be bottled in Scotand and sold as a "standard" brand rather than a de luxe or cheaper whisky. The Bell products will be marketed through PepsiCo's Monsieur Henri Wines selling organisation.

Mr. Miquel said his company would be investing $1m a year in the project, including the cost of the team of sales executives, and that during the next five years "a minimum of $1m a year" would be spent by the two companies together.

Arthur Bell shares moved up sharply on the London Stock Exchange yesterday on news of the company's U.S. initiative.

Pulp anti-dumping case dropped

BY MAX WILKINSON

THE EUROPEAN Commission in Brussels has officially dropped an anti-dumping case brought by French pulp manufacturers against North American and Scandinavian imports.

The case, backed by the French Government, early last year, was strongly opposed by the UK paper making industry and the British Government.

The French were worried at the time that cheap imports of pulp, mainly from Canada, would undercut the indigenous French pulp industry at a time when the market was extremely depressed.

Paper manufacturers in the UK, Germany and elsewhere in Europe were however, strongly opposed to any action by the Commissioners which might raise pulp prices and therefore depress the margins available on finished paper.

Partly because of the strong disagreements within the industry, the Commission dragged its feet throughout the summer while prices began to rise.

Now the price of bleached chemical pulp (the raw material for printing and writing papers) has risen just above $400 a ton compared with its lowest level of little more than $300 a ton in 1976.

At the low price pulp represented about half the cost of finished paper, which allowed the UK manufacturers, at least, to make modest profits.

At its highest price level pulp has cost up to 70 per cent of the price of finished paper. At this level it was almost impossible for paper manufacturers to make profits unless they were integrated with a pulp mill.

The European Commission says it has dropped the anti-dumping case because the recent rise in pulp prices throughout the world has made any action on its part unnecessary.

The British Paper and Board Industry Federation has welcomed the Commission's decision to take no action on the complaint. It does not wish the principle of a floor price in pulp to be established in Europe, because it believes this could damage paper makers at some future time.

The recent rise in pulp prices is putting severe pressure on paper makers who are now anxious to increase their price to maintain margins. However, Europe is still suffering from an over-capacity in paper making, which is tending to restrain price rises.

Nigeria may extend import restrictions

NIGERIA MAY be planning more import controls, observers in Lagos believe. Lt.-Gen. Olusegun Obasanjo, the Nigerian head of state, said in a radio broadcast that measures would be taken in the New Year

He did not specify what new measures would be taken, but said that last year's economic measures, which included a ban on certain consumer items, were taken to liberate and strengthen the national economy, conserve foreign exchange and forge a spirit of self reliance.

Chile eases labour laws hoping to avert boycott

BY ROBERT LINDLEY

CHILEAN LABOUR Minister Jose Pinera appointed last week when President Augusto Pinochet partially reorganised his Cabinet, has taken steps calculated to persuade the inter-American regional labour organisation (ORIT) to call off its announced boycott on trade going to and from Chile.

Sr. Pinera has announced in Santiago the immediate restoration of the right of union members to meet without prior authorisation from the regime and has taken other measures to normalise the activity of the labour unions.

ORIT has announced that its boycott against Chile—and against Nicaragua and Cuba as well—for alleged systematic violation of human and labour rights will begin on Tuesday, and the AFL-CIO of the U.S. has said it will join the ORIT boycott.

According to a Government spokesman, the threatened boycott against Chilean imports and exports would cost Chile about $250m.

India may spend £100m on UK mine equipment

By John Lloyd

RAPID EXPANSION planned for India's coal industry, involving the expenditure of more than £1bn over the next five years, could lead to orders for British manufacturers of mining equipment of around £100m.

A team largely composed of mining engineers from the National Coal Board will go to India in two weeks' time to examine the possibilities of longwall working—a technique in which the NCB is a world leader—in some 25 Indian collieries.

The team will be led by Mr. Harold Rhodes, a director of the NCB subsidiary British Coal International. It will include four representatives of the Association of British Mining Equipment Companies (ABMEX), but Mr. Rhodes emphasised that the trip was a consultancy project rather than a commercial one.

The Indian coal industry—which is almost wholly nationalised—has set an ambitious growth target over the next five years, to rise from an estimated 106m tonnes in 1979 to 153m tonnes in 1982-83.

Besides the development of longwall faces, the Indians also want advice on general colliery mechanisation, with a view to selecting some 12 collieries as models for mechanisation.

They are also interested in coal loading systems, to speed up the despatch of transportation of coal wagons from mines to power stations and other destinations. Most loading of coal is presently done by hand.

The NCB has already assisted in the development of an extensive longwall face at a colliery at Moonidih, in Northern India. The face now produces up to 1,000 tonnes of coal a shift, considerably higher than the standard rate for the industry.

British mining equipment manufacturers supplied between £3m and £4m worth of machinery to Moonidih, under a line of credit extended by the Ministry of Overseas Development.

That line of credit remains available, and it is thought that the Indian Government will be ready to make use of it to help achieve its production targets over the next five years.

Garment aid withdrawn

NEW DELHI — The Indian Government has withdrawn cash compensatory support for export of cotton garments to countries with textile import quotas, the Economic Times newspaper reported here.

The withdrawal of cash aid for popular items like shirts, blouses, dresses, skirts and trousers exported to the European Community, the U.S., Sweden, Norway, Austria and Finland follows a big rise in Indian exports. AP-DJ

U.S.-CHINA TRADE

New accord delights exporters

BY DAVID LASCELLES IN NEW YORK

FEW AMERICANS greeted the new diplomatic accord between the U.S. and China more eagerly than the business and financial community, whose attitude was pithily summed up by Mr. Donald Regan, chairman of Merrill Lynch: "Any nation of over 950m people growing at the rate of 18m a year is a tremendous market."

And why not? Just before the announcement, half a dozen large U.S. metals companies won orders totalling over $1bn to develop China's metallurgical industry. Engineering companies got contracts to build factories and develop energy supplies. And to show that they also care for creature comforts, the Chinese invited in McDonalds hamburgers and Intercontinental Hotels.

Full normalisation was achieved a few days later when in the space of 24 hours it was announced that Coca Cola is to go on sale in China later this month, that the Chinese national airline is to buy up to five Jumbo jets, and that PanAm is to start direct flights to Peking as soon as practicable.

All this in less than three weeks. But as more U.S. businessmen scramble to take advantage of China's new pragmatic economic policies, others urge a more cautious approach.

They recollect the similar rush that followed the Soviet bloc's trade overtures to the U.S. nearly 10 years ago, only to founder on the Russians' debts and Congress's trade laws.

Even so, there are many positive forces at work. Apart from the new Chinese leadership's evident determination to catch up with the West, even if it means chipipng away some Maoist precepts, trade between the U.S. and China is unnaturally low. This year, U.S. exports are expected to be just under $1bn and imports $350m, putting total turnover at one-sixth of U.S.-Taiwan trade, and well behind other Western countries.

The U.S. is also well-placed because of the size and scope of its engineering industries to meet China's needs, which are mainly in the raw material and basic industrial development areas, along with transport and energy (the Coke and hamburgers seem destined to satisfy the appetites of foreigners rather than the Chinese).

The West in general also benefits from the fact that China wants to buy from here rather than in the Soviet Union, which would be able to supply much metallurgical, energy and transport equipment—inferior possibly, but cheaper.

Conditions now seem ripe for a sharp increase in trade but several hurdles have still to be negotiated before steady growth is assured.

Another impetus comes from China's surprising willingness to talk trade in terms that Westerners understand. Among its most striking announcements was a decision to permit foreigners a 49 per cent stake in domestic joint ventures, with the possibility of repatriating profits. In some cases, it seems, a foreign majority holding might even be possible.

This contrasts strongly with Communist practice elsewhere, where foreign control is normally barred. Intercontinental's deal to build 5,000 hotel rooms in China, starting with a 1,000 room hotel in Peking, effectively gives the Americans control over the running of the hotels. Yet when Intercontinental tried to negotiate a similar deal with the Soviet Union some years back, the talks broke down because the Russians insisted on controlling the hotels themselves.

This spirit of pragmatism also extends to the realm of finance where China has dropped its reluctance to accept inter-governmental loans and appears set to greatly increase its dependence on foreign funding.

to the extent of "several tens of billions of dollars," according to Mr. Li Chiang, Foreign Trade Minister. Bank of America estimates China's foreign credit needs at $35-40bn up to 1985, which is roughly what the Russians have borrowed since 1970.

But though conditions seem ripe for a sharp increase in U.S.-Chinese trade, several hurdles have yet to be negotiated before steady growth is assured.

The main one is finance. The majority of U.S. banks are willing to lend to China. Indeed, they have joined the scramble by setting up correspondent relationships with the Bank of China. But many of them recall their experiences with the Russians in the early 1970s when they agreed to easy terms in order to gain a share of what then seemed a burgeoning market, only to see growth peter out.

As a country risk analyst commented at one of the major New York banks where a China evaluation programme is under way: "We are going to proceed a bit more carefully this time."

There is also the problem of information. The Chinese are even more secretive than the Russians, and the banks are likely to insist on proper documentation before they lend big money. Going by what little is known of China's resources at the moment, the banks are primarily interested in the country's oil. But though this could become an important foreign currency earner, it poses some problems: much of it is either offshore or close to the sensitive border with the Soviet Union while its composition makes it costly to refine.

Even so, China's creditworthiness is not doubted. The country has always paid its bills on time so far, and it is believed to run a surplus on its hard currency account, mainly as a result of the services it sells to Hong Kong. Exports of $7bn and imports of $6bn are frequently quoted figures here. But whether total turnover could be raised higher than $20bn without full scale development of oil is doubted.

The main political question overhanging U.S.-Chinese trade is whether it will receive Congress blessing. The legislature is involved in two ways: it will have to approve any Eximbank credits for China (China has indicated it is contemplating asking for these), and it will have to approve the extension of most favoured nation (MFN) treatment. To qualify, China will have to show that it does not restrict emigration as required by the Jackson Amendment which scuppered MFN for the Russians three years ago.

Congress has not yet had the chance to demonstrate its attitude towards the new relationship with Peking. But certain opponents such as Mr. Barry Goldwater, have been strongly critical, meaning that outright approval is not assure.

A better picture of the prospects should emerge in the coming weeks, with the visit to Washington of vice-premier Den Xiaoping Teng Hsiao-ping, and the subsequent trip to Peking by Mr. Michael Blumenthal, the Trfeasury Secretary who will be travelling "as the senior cabinet member on economic affairs."

The main outcome of these exchanges is likely to be a long-term trade agreement setting out areas of business and, possibly, terms for investment. Where it could all dead is still anyone's guess, but one of the more authorititive came a few days ago from Mr. Caristopher Phillips, president of the national council for U.S.-China trade, who predicted a doubling in turnover by 1981.

Sainsbury renews discount campaign

By David Churchill, Consumer Affairs Correspondent

THE FIERCE competition between the High Street supermarkets intensifies today when J. Sainsbury relaunches its successful "Discount '78" price-cutting campaign.

The new campaign, renamed "Discount '79," will be backed by Press and television advertising—which began last night—estimated by the trade to total more than £1m.

The move comes a year after Sainsbury first launched its Discount campaign in response to Tesco's decision to drop trading stamps and concentrate on price-cuts.

Since Sainsbury adopted its aggressive marketing campaign it has boosted its share of the packaged grocery market by almost a quarter from 8.6 per cent to 10.8 per cent.

Over the same period, Tesco's market share has risen from about 10.5 per cent to just over 13 per cent.

If fresh foods are taken into account, Sainsbury and Tesco are believed to be about equal in market shares.

In the financial half-year to September 1978, Sainsbury also reported turnover up by 28 per cent—a volume gain of 20 per cent—while profits were up by a quarter.

The effect of Sainsbury's price-cutting also meant a saving on the average shopping basket of about 3p in the pound, the company said yesterday.

The new campaign, however, is unlikely to repeat last year's sharp price cuts on a wide range of groceries. Instead, Sainsbury's says it will continue to discount basic commodities.

But with increasing pressure on supermarket costs, including wage and distribution costs, there is little scope for a further general reduction in prices.

Some items, such as tea, coffee, and some bisbuits are, however, now cheaper in Sainsbury stores than a year ago.

Although the major supermarkets are unlikely to be able to afford a new round of deep price-cuts, the competition for market share is likely to continue.

The launch of a new marketing campaign by the Co-operative stores is imminent and stores have been told how to emphasise the Co-ops advantages.

Tesco is also to launch its own New Year campaign to consolidate its market share from Monday, although it has already started advertising its new prices. The other major multiples are expected to follow suit.

Vegetable prices double as freeze maintains grip

BY CHRISTOPHER PARKES

RETAIL PRICES of most vegetables have doubled in the past few days. Some have even trebled as the trade has suffered the combined effects of frozen fields, blocked roads and fears of the impending disruption of a lorry drivers' strike.

At London's main wholesale markets yesterday, prices were generally double last week's levels. In Scotland some traditional winter crops such as brussels sprouts were virtually unobtainable.

At present there are ample supplies of imported fruit and salads with prices similar to last week, but a spokesman for the retail trade warned that if the lorry drivers' strike took hold, prices could easily double.

The trade's troubles started in the fields. Sprouts and cabbages are frozen solid. Carrots, parsnips and other root crops are stuck in iron-hard soil. Many farm workers are on holiday and in the present weather people who are working are picking and preparing only a fraction of normal supplies.

Farmers are also facing problems reaching the main roads—now generally clear of snow—through snowbound country lanes.

About half the transport used for distribution is owned by farmers, merchants or co-operatives and is unlikely to be affected by industrial action. But if the lorry strike spreads, the shortage of transport could add to the difficulties.

The top national average price for sprouts yesterday was 17p a pound in wholesale markets, rising to 40p a pound in some shops.

Carrots cost as much as 20p a pound, cabbages the same, and cauliflowers up to 55p each. Some retailers, however, have started to cut prices and reduce their margins because shoppers are refusing to buy.

Leeks are scarce and cost 30p a pound and onions have risen to 15p a pound.

Potatoes have been less affected by the cold since many merchants hold large stocks close to the main markets. Prices generally have risen about 1p a pound to a maximum of 7p for white varieties and 7½p for reds.

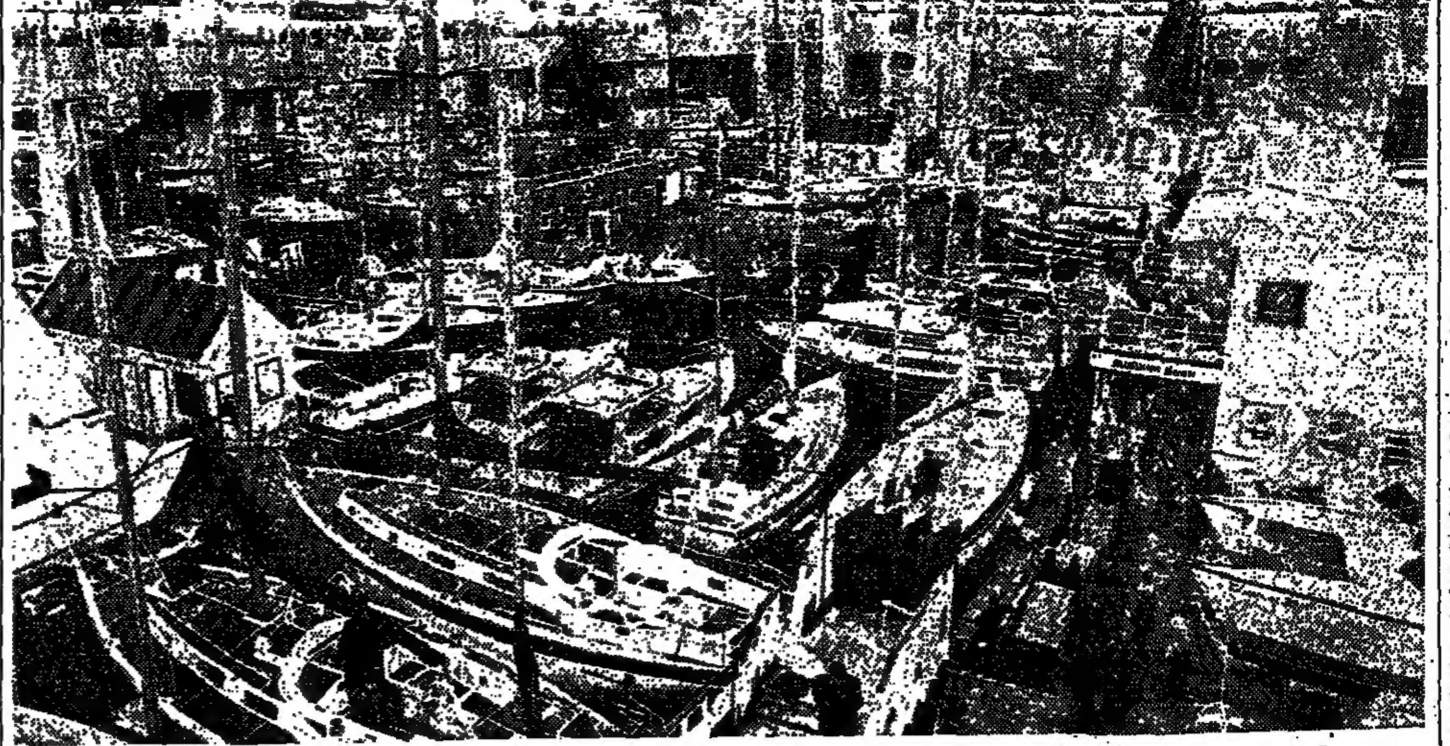
Traders warned that many crops, such as sprouts and cabbages, may have been permanently damaged by the cold. While there is no danger of many crops being written off, there is likely to be an unusual amount of waste on many leaf crops.

While fruit prices have not yet been affected — South African peaches can be had for 10p to 18p each, and oranges can still be found as cheap as 4p each. Bananas, though, are susceptible to the cold and should be examined before purchase.

Best buys of the week, according to the fresh fruit and vegetable information bureau, are small avocadoes selling at 18p each.

● The Milk Marketing Board said yesterday there was still no danger to doorstep deliveries of milk although some farmers were still unable to get their production to dairies.

The cold has caused some slight problems, however. Some houses in the London area were rationed to a maximum of 2 pints each because of a "minor" walk-out by bottling plant staff who claimed the dairy was too cold for them to work.



Ship shape: boats neatly moored in the model harbour at Earl's Court ready for the Boat Show which opens today.

Raleigh enjoys record £42m sales

By James McDonald

THE BICYCLE boom has led to TI Raleigh—the world's largest cycle and component manufacturer—enjoying record UK sales last year of 894,000 bicycles, including pavement cycles, valued at £42m.

There is no strict comparison with 1977 because 1978 was the first year when pavement cycles were included in the total sales. But a Raleigh spokesman said that his company had about 60 per cent of the British market and that sales by all makers had increased by 10 per cent in 1977, with sports machines accounting for 40 per cent of demand.

Although TI Raleigh's largest single market is the UK—60 per cent of its domestic production is exported to 140 countries and the company estimated yesterday that Raleigh's world cycle sales last year were about £150m, with two-thirds in exports.

Raleigh believes that the remaining 40 per cent of the British bicycle market is fairly evenly split between other UK manufacturers and foreign makers, with Austrian machines the biggest import.

But although sales last year by TI Raleigh overseas were encouraging they were not as buoyant as in Britain.

"There are indications that British adults are now turning to the bicycle as a means of relaxation and exercise, as well as convenience," said Mr. Ian Phillipps, chairman of Raleigh.

The price of petrol should also encourage the cycle industry, particularly when the Government's plan to replace motor taxation with additional tax on petrol comes into operation.

This year, TI Raleigh says it is expecting higher sales of bicycles, especially the "fun" models such as the Grifter and 20-in wheel range of ladies' shopping cycles.

Boating industry's exports face increasing pressure

BY MAX WILKINSON

THE £105m exports of the British boating industry are expected to come under increasing pressure from European and U.S. competitors, a representative of the industry said yesterday.

Mr. Tim Webb, Director-General of the Ship and Boat Builders' National Federation said: "We are two years ahead of our competitors in some of the larger markets—Germany, for example — but manufacturers in other countries, particularly France and Scandinavia, are catching up fast.

"This is a natural result of healthy competition, and as such we welcome it. But there is no doubt the going will be tougher for British manufacturers in some markets."

Mr. Webb was speaking at the Earls Court, London, exhibition centre where the 25th London International Boat Show is being opened today by Mrs. Margaret Thatcher, Conservative Party leader. The show is organised by the Daily Express and the federation.

The Boat Show has been an important showcase for the British boating industry, which has increased total sales from £57m in 1968-69 to £270m in 1977-78. In the same period, exports have risen from £20m to £105m.

The biggest sales category is sailing boats, which accounted for 53 per cent of the home market and 44 per cent of exports last year.

Mr. Webb said that 1978 sales by the industry represented barely any increase in volume, compared with the £245m total for the previous year. "We have only just kept pace with inflation," he said. "Nevertheless, I am moderately optimistic."

He said that boats continued to be seen by many people as a hedge against inflation. Most yachts do not depreciate very quickly, and some have even appreciated in real terms over the last few years.

The challenge now facing the industry, Mr. Webb said, was to exploit newer export markets ahead of European competitors. South American countries were one area in which British boat builders were making an effort. The African states also provided opportunities for sales of fast patrol boats and associated marine equipment.

A recent survey by the federation showed that its 960 members were about equally divided between optimism and pessimism about the industry's future.

The federation says: "The survey reflects more optimism in the export market, compared with April 1978 reports, but order books do not reflect that hope."

The Earls Court show covers 570,000 sq ft. accommodating about 450 exhibitors. Last year it was visited by 273,000 people, of whom 15,900 were from outside the UK. This year the show includes the usual model harbour in which 30 craft are moored afloat.

The Royal Navy will be on parade today to pipe Mrs. Thatcher "aboard" for the ceremonial opening. The Navy will also take part in daily displays of skill, including the manning of an 83-foot replica of the HMS Ganges mast. The show continues until January 14.

Minister switches to Parole Board

By Philip Rawstorne

LORD HARRIS of Greenwich resigned yesterday as Minister of State at the Home Office. He will shortly take up a three-year appointment as chairman of the Parole Board.

Before he was made a life peer and given a government post in 1974, Mr. John Harris, as he then was, had been a special assistant to Mr. Roy Jenkins during his period as Home Secretary and Chancellor.

Previously, he had been press adviser to the late Mr. Hugh Gaitskell and Director of Publicity for the Labour Party from 1962-64.

Lord Harris will succeed Sir Louis Petch as chairman of the Parole Board on March 1.

The Home Office vacancy will be filled by Lord Boston of Faversham, formerly Mr. Terry Boston, Labour MP for Faversham from 1964-70. Lord Boston, a barrister and former BBC producer, was made a life peer in 1976.

In a minor reshuffle of government posts in the Lords yesterday, Mr. Callaghan, Prime Minister, also appointed Baroness Birk as Minister of State in the Privy Council Office, a post left unfilled since the recent promotion of Mr. John Smith to Secretary for Trade.

Lady Birk, who will be the Government's economic spokesman in the Lords, is succeeded as Under-Secretary for the Environment by Baroness Stedman who has been a Government whip in the Lords since 1975.

Another Government whip, Lord Wells-Pestell, is appointed as an additional Under-Secretary in the Department of Health and Social Security.

Move to start new air services from Stansted

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TWO UK independent airlines, British Air Ferries and British Islands Airways, are seeking permission to develop European passenger and cargo services from Stansted Airport, Essex.

British Island Airways is a member of the British and Commonwealth Shipping Group, but recently took over many scheduled service routes operated by British Air Ferries.

The aim is to start scheduled passenger services from Stansted to Paris, Frankfurt, Zurich and Dublin, with cargo services between Stansted, Hanover and Milan.

BIA is seeking rights to fly Luton-Paris and Luton-Amsterdam.

These changes would bring a major expansion of scheduled services from Stansted, which has been largely devoted to charter and cargo.

The Civil Aviation Authority will hold a public hearing into these applications in London next Wednesday. Objections to them have been lodged by British Airways, and in some cases by British Caledonian Airways.

British Island Airways and British Air Ferries together are one of the biggest independent airline groups.

They want to promote Stansted because they believe that a large market for scheduled air services exists in that area.

Airport told to submit planning application

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BIRMINGHAM Airport's £26m expansion plan must go to a local public inquiry if there were objections, Mr. Peter Shore, the Environment Secretary, said yesterday.

Mr. Shore instructed the West Midlands County Council, owner of the airport, to make a planning application now, but said that it was unlikely that any inquiry could be held before early autumn.

Mr. Robert Taylor, the airport director, last night welcomed the Minister's initiative as a sign of progress on the plans. The timing fitted in with the airport's aim of having the new facilities working by late 1983, he said.

The airport plans include a new terminal on a site near the Birmingham international railway station and the National Exhibition Centre and a new aircraft taxi-way.

The authority must obtain planning consent from the Department of Environment and also approval for the project from the Department of Trade.

After 12 months negotiations with the Trade Department, the authority has scaled down its original £50 proposals and is now hoping for a £26m scheme to handle 1.9m passengers by 1985 or a £29.5m plan to cater for 2.5m people by 1990.

Mr. Taylor hopes for a decision in principle in the next few weeks from the Trade Department. Treasury clearance is also being sought because, under a 1960 agreement, the Government is committed to meet 60 per cent of any major capital spending.

The municipal undertaking expects to make more than £500,000 in the year to April 1 on a turnover of about £10m.

Barclays offers Vica cheques

Financial Times Reporter

BARCLAYS Bank is to begin issuing Visa travellers cheques in place of cheques bearing its own name.

The new cheques will be issued in U.S. dollar and sterling denominations and will carry the Visa design, though the changeover is unlikely to be complete for about two years.

Barclays is already a member of Visa through its Barclaycard business. It now becomes the world's largest issuer of Visa travellers cheques.

One feature of the scheme is that non-Barclays members of Visa will be able to inscribe their own company names on Barclays Visa cheques.

Cosmos expands U.S. holidays

BY ARTHUR SANDLES

COSMOS, one of Britain's top tour operators, has been faced with such a demand for its U.S. tours programme that it is setting up a series of charter tours to America—with prices, including flights and hotel, from £169.

The rush of the British to America is surprising airlines and tour operators. Last year traffic increased by 40 per cent to exceed 700,000—and so great was the increase that Americans are considerably behind with the statistics. Next year Britain is expected to produce 1m visitors for the U.S., thanks to low fares and a wobbly dollar.

Cosmos launched a U.S. tours programme last October with a capacity of 7,000 seats on Pan Am scheduled flights. Most of this initial capacity is now sold and Cosmos has increased its allocation to 16,000. In addition it has added a programme of charter flights with 7,500 seats using the Californian charter airline Trans-International.

So low are the fares out of Britain that Cosmos-affiliated companies in France and the Benelux countries will be offering a further 4,500 seats to residents of those countries who will fly via British Caledonian Airways first to London and then on to the U.S. and still undercut local offers.

Development

Mr. Stevenson Pugh, sales director of Cosmos, said yesterday: "We are witnessing the birth of an extraordinary period of development in international tourism, a period of profound change and explosive growth.

"The dominant trend is towards America and that great country the world's biggest inclusive holiday destination within the next few years."

He said that what had happened in Spain in the 1950s, thanks to low air fares and a currency which offered a favourable rate of exchange to other nations, could happen to the U.S. in the 1980s.

"We on this side of the Atlantic are sitting in the middle of the richest travel market on earth. The developed, densely-populated countries of Western Europe are the take-off point for this new, low-cost Atlantic air bridge and their peoples are highly motivated to visit America."

The Cosmos charter tours offer East Coast trips, which include Boston and Niagara from £297 for 15 days, visits to both New York and Florida (from £365), and a 15 day coast to coast visit from £395. All Cosmos trips are fully escorted.

The deal gives America's Greyhound Buses one of its biggest long-term tours charter to foreign operators yet, and is Britain's first charter operation to the U.S. devoted week-after-week entirely to complete package tours.

£40,000 telex system starts at Austin-Morris

A £40,000 computer-linked telex system was plugged in at BL's Austin-Morris subsidiary in Bickenhill, Birmingham, yesterday which will cut £20,000 from the company's near-£2m communications costs this year.

Within three years, depending on National Enterprise Board funding priorities, Austin-Morris expects to have installed the system at all 36 plants and offices in Britain and 60 Austin-Morris plants and agencies worldwide.

The case MSX message-switching system with a VDU attachment is linked to the company's recently-opened data processing computer centre at Redditch.

The new system, specified by BL Cars Group Systems, can handle up to 2,000 messages a day and transmit 200 in the time it normally takes to send just one message.

Overall rise in music trade profits

By James McDonald

MOST OF the music trade—ranging from tapes to the retail sector — increased its turnover and profits in the past financial year, according to a survey carried out by Inter Company Comparisons.

Of the quoted companies, 90 per cent increased turnover and assets over the two years, 80 per cent increased profits and 80 per cent paid more to directors.

In the unquoted sector, 84 per cent had a higher turnover compared with the previous year, 60 per cent made more profit and 82 per cent added to assets.

Music Trade, Inter Company Comparisons, 81, City Road, London, EC1, £33.50.

Premium Bond winnings top £700m

THE TOTAL value of Premium Bond prizes awarded since the scheme got under way in the 1950s will top £700m with the January draws.

During the month, 123,101 prizes will be drawn, worth £6.3m. These will bring the total prizes awarded since 1956 to 16.6m valued at £700m.

The January figures set records for both the number and value of prizes to be won, and reflected the increase in the underlying interest rate from 5½ per cent to 5¾ per cent.

This month sees the introduction of the £75,000 weekly prize, and the first will be announced on Saturday.

U.S. tourists' spending 'will decrease'

By Arthur Sandles

A SUBSTANTIAL fall in American tourist spending in Britain, but a continued rise in hotel profits, are among forecasts for the coming year from Mr. Mervyn Greene, of Greene, Belfield-Smith and Co., a leisure consultancy.

The consultants doubt, however, that this year's rise in industry profits will be on the scale of that in 1977-78. That was generally regarded as a peried of recovery.

Nevertheless they feel that, with continued demand from tourists other than Americans and strong domestic and foreign business traffic, the hotel industry should have a reasonable year.

Mr. Greene said: "We predict that the number of American visitors could decline slightly in 1979. But the average length of stay, and the average spent per American visitor in hotels and restaurants could decrease substantially.

"If we switch our marketing to other countries with harder currencies, this should compensate for the decline in revenue from Americans."

After saying that prices are sure to rise during the year, Mr. Greene adds: "If we increase prices and standards decline, this is a formula for bankruptcy."

He notes signs that a drive to set, monitor and improve standards in mass popular catering might come during the year.

CONTRACTS

Short Brothers win £4m order

SHORT BROTHERS, the State-owned aircraft company, has won a contract which could be worth up to £20m for work on the new British Aerospace HS-146 feeder-liner.

Under the agreement the Belfast company will design and manufacture the pods for the four U.S. Avco Lycoming engines on the HS-146.

The work will initially be worth about £4m to Short Brothers, but market forecasts prepared by British Aerospace show that this could reach £20m by 1990.

Short Brothers, which is the sole contractor for engine podding on the Rolls-Royce RB-211 engines, was last month promised a further £8.0m of Government aid for a capital re-equipment programme taking it into the 1980s.

*

CHRYSLER UNITED KINGDOM has won an order worth nearly £3¼m for the Car of the Year Award winners—the Chrysler Horizon and Alpine models. Swan National Rental, one of the major daily rental companies in the United Kingdom, will be putting 500 Horizon 1.3LS and 500 Alpine 1442 LS models into their hire fleet.

*

ICI have ordered a CMC Sovereign multiple processor keying system from COMPUTER MACHINERY COMPANY worth £161,000 for installation at Imperial Chemical House, Millbank, SW1.

*

RELIANCE SYSTEMS, part of the GEC Group, has won two major orders worth £146,000 for its reed electronic exchange (REX) for PABX telecommunications systems to be installed at the British Electrical and Allied Manufacturers Association and at 3M. Riker Laboratories in Loughborough.

*

CROW OF READING has been awarded BBC contracts for the supply of television studio equipment valued at more than £100,000. Two separate contracts have been placed by the BBC's studio capital projects department, one being for Arvin Echo EFS-1 disc recording equipment and the other for Barco CTVM2 professional colour monitors.

*

Equity and Law, an independent life assurance company with a staff of 1,700, has ordered 30 Diablo 1620 Daisy-Wheel Terminals from ZYGAL DYNAMICS valued at more than £72,000. The terminals are to be sited at Equity and Law branches throughout the UK as part of a system used to prepare quotations for life assurance. Each terminal can be connected to the company's central computer through GPO lines; relevant data is input and the resulting quotation is produced immediately on the terminal using pre-printed forms.

Lord Stow Hill, former Labour Minister, dies

By Ivor Owen

LORD STOW HILL, a former Cabinet Minister and law officer who served in the Attlee and Wilson governments, died on Tuesday, aged 76.

He was appointed Solicitor-General in 1945 when, as Sir Frank Soskice, he joined the small group of Parliamentarians who have marked their entry into the Commons by immediately hurdling the back benches to join the Government Front Bench.

Lord Stow Hill, the son of a Russian doctor imprisoned for political opposition to the Czar, was appointed Home Secretary when Sir Harold Wilson formed his first Administration in 1964.

Although one of the few members of that Government with earlier ministerial experience, the sureness of touch that enabled him to acquire a formidable Parliamentary reputation as a law officer — he also held the post of Attorney-General from April to October, 1951 — eluded him at the Home Office.

After a brief spell as Lord Privy Seal, he left the Commons in 1966 and took the title of Lord Stow Hill when made a life peer.

North Sea output reaches new peak

BY KEVIN DONE, ENERGY CORRESPONDENT

UK OIL production from the North Sea totalled more than 5m tonnes in November for the first time.

Oil was produced from all 11 fields on stream in the North Sea, with output averaging 1.3m barrels a day, compared with 1.2m barrels a day in October. Total production for November was 5.1m tonnes, compared with 4.8m tonnes in October.

Since November, one more field, Ninian, has come on stream. This year the first oil production is expected from the Cormorant and Buchan Fields.

Production this year is expected to total 80m to 90m tonnes compared with 53m to 54m tonnes last year, and the UK should become self-sufficient in crude oil production next year.

The vital Sullom Voe oil terminal in the Shetland Islands was reopened yesterday with the arrival of the 73,000-ton tanker Balder Alver, under charter to the British National Oil Corporation.

The port was closed on Saturday night when the 190,000-ton tanker Esso Bernicia drifted loose during mooring and rammed a jetty. The tanker was holed above the waterline and is sailing to Rotterdam for repairs.

British Petroleum, the terminal operator, said yesterday that the size of the tankers using the port has been temporarily limited to 100,000 tons while the jetty is repaired.

The 1,100 tons of bunker fuel oil spilled in the accident have been contained within booms in the harbour area and are being removed.

Production from the Ninian, Heather, Dunlin and Thistle Fields into the terminal was not affected and combined production is about 250,000 barrels a day.

Eventually Sullom Voe will be capable of handling up to 1.4m barrels a day and take tankers of up to 300,000 tons.

Ford repeats triple sales lead in 1978

BY LISA WOOD

FORD managed to repeat its triple sales lead in cars, commercial vehicles and tractors in 1978 in spite of a crippling strike, the company claimed yesterday.

The company said that although final returns for 1978 were not yet complete, it was clear that the company's cars, with more than 24 per cent of the market; commercial vehicles, almost 29 per cent; and tractors, over 26 per cent, were still UK market leaders in 1978.

Ford has released these figures about a week before final figures, compiled at the Vehicle Licensing Centre, Swansea, are published by the Society of Motor Manufacturers and Traders.

In 1977 Ford became the first manufacturer to achieve the treble when it added cars to its dominance of trucks and tractor sales.

It sold 25.7 per cent of cars in the UK, with Leyland sales at 24.3 per cent, Vauxhall 9.1 per cent and Chrysler 6 per cent. Vauxhall, Chrysler and Ford sales all included a large number of imported models.

In the same year Ford's market lead for commercial vehicles was 31.2 per cent of the market, BL sold 25.5, Bedford 19.1 and Chrysler 4.6 per cent.

Figures for car sales, for example, for the first 10 months showed a similar pattern to that of the previous year, with 25.40 per cent of cars registered in the UK Ford; 24.55 per cent BL; 9.12 per cent Vauxhall; and 5.93 per cent Chrysler.

These figures include cars from companies' Continental associates which are not included in total UK figures.

An indication of how badly hit Ford was by the strike is that at the end of September, when the company had been strike bound only one week, its car sales were 27 per cent of the UK total.

In December it was 18 per cent, compared with BL's 27 per cent. BL's best month as beneficiary of the strike was in November, when its share of the car market rose from just under 22 to 29.3 per cent.

Ford would also have been Western Europe's 1978 market leader for cars and commercial vehicles but for the strike.

Vauxhall and Chrysler said yesterday that they could give no figures yet for their 1978 market share in the UK.

BL said that final figures were not available, but sales of about 22.5 per cent of total sales for the year were expected, of which 18 per cent were Austin-Morris and 4.5 Jaguar.

Renault expects 5% of UK car sales

By Our Motor Industry Correspondent

RENAULT, THE State-owned French group, expects to take a 5 per cent share of the UK passenger car market this year, Mr. Alan Dakers, its marketing director, said yesterday.

The group had record sales in Britain last year when nearly 72,000 Renault cars were registered, exceeding its target by 3,000 and giving it 4.4 per cent of the total market.

The "new generation" Renault 5s, 14s and 20s boosted last year's total by 25 per cent, against total market growth of 21 per cent.

Renault has high hopes that the Renault 18 range, to be formally launched in the UK in mid-February, will have a big impact this year, when it expects to sell at least 23,000 of this mid-market saloon range.

Prices

The Renault 18 will be available with a choice of two engines—1400 cc or 1647 cc—and prices will range from £3,313 for the 18TL to £4,233 for the 18GTS.

Last year, the Renault 5 was the company's biggest seller in Britain, topping 19,000 units, followed by the Renault 14 with 15,000.

● The group also said yesterday that it would increase UK prices by an average of 4.8 per cent from next Monday. The average is widely spread so that the top-of-the-range 30TS goes up by only 1 per cent against 4.5 per cent on the Renault 5 range.

Other examples are: Renault 4, up from £2,120 to £2,236, Renault 12TL up from £2,980 to £3,145, Renault 20TS up from £5,152 to £5,384 and the Renault 30TS up from £6,427 to £8,490.

New Chrysler chairman 'staying at least 5 years'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MR. GEORGE TURNBULL, who was appointed chairman of Chrysler UK yesterday, said later that he intended to stay with the company for a minimum of five years.

The major priority was to bring the company back into profit, but he could not say how long this would take. "I don't know enough about the company yet."

He maintained that acquisition of Chrysler UK by the Peugeot Citroen group gave "a wonderful opportunity for employees because Chrysler UK is now part of a very large organisation, well financed and run by practical and commercially minded people.

"With that kind of backing we should be able to make the right kind of decisions to revive the company without it involving too many compromises."

He had reached a clear understanding with the Peugeot Citroen management that Chrysler UK would be run from the UK. He would spend some time between now and April visiting plants, getting to know employees and management, and "I aim to get a feeling of team spirit within the company."

Mr. Turnbull said he had known for some time and got on well with Mr. George Lacy, who was reappointed managing director of Chrysler UK yesterday. He did not foresee any immediate major management changes following his appointment.

Up to April Mr. Turnbull would spend some time winding up his affairs at the Iran National car group, where his contract originally called for him to stay until next September. He will also work on Chrysler Europe affairs.

He has been appointed to a new key executive committee of five for Chrysler Europe which will be responsible for direction and policies of all the European operations.

Allocation of responsibility among members of the committee has still to be made.

The other members are M. M. S. Francois Perrin-Pelletier, president of the managing board of Chrysler France, who will be chairman and chief executive; M. Jean Peronnin, general manager of the managing board of Chrysler France; M. Dominique Savey, a member of the managing board of Chrysler France with responsibility for long-range planning; and Mr. Bill Storen, chairman of Chrysler Spain.

Three new directors were appointed to the Chrysler UK board yesterday. They were M. Perrin-Pelletier, M. Savey and Mr. Richard Parham, director of finance at Chrysler UK.

Mr. Gilbert Hunt, previously chairman, was appointed president and will continue as a member of the board.

Directors re-elected included Mr. Lacy; Mr. Peter Griffiths, deputy managing director; and Mr. Don Lander, vice-president of Chrysler Corporation.

Other directors who continue in office are M. Georges Hereil, Mr. Angus Murray, Lord Roll and Mr. Louis B. Warren.

More paying top income tax rate

By Peter Riddell, Economics Correspondent

THE NUMBER of people liable to the top 83 per cent rate of income tax has risen sharply in the past few years. The total increased by 24 per cent to 36,000 in the tax year 1976-77.

This is shown by the Inland Revenue's latest annual survey of personal incomes published today. The results are based on a random sample of 130,000 employees and others and all items of income tax are included.

Investment

The survey reveals that the number of people liable to higher rate income tax in 1976-77 was 1.43m, an increase of nearly 200,000 in a year. This was in spite of an 11 per cent increase in the threshold for the first of the higher rates. The numbers liable to the investment income surcharge rose by 160,000 to 889,000 in 1976-77.

Of the 21.3m taxpayers the top 10 per cent paid more than one-third (34.6 per cent) of the total personal tax of £18.3bn, whereas the lowest 10 per cent paid less than 1 per cent of total tax.

Thresholds

Total personal income rose by 15 per cent between 1975-76 and 1976-77, while tax due rose by only 14 per cent, reflecting the increases in allowances and thresholds. In the previous year incomes had risen by 22 per cent and tax by 35 per cent.

Home Counties residents have significantly higher income tax liabilities than those elsewhere, paying an average £995 in 1976-77 compared with £845 in the rest of the UK.

* The Survey of Personal Incomes 1975-76 and 1976-77, Stationery Office, price £5.

Prior warns Tories —tough action on unions can rebound

BY IVOR OWEN

CALLS BY Tory hardliners for tough action to check abuses of trade union power could prove counterproductive, Mr. James Prior, the Shadow Employment Minister, warned yesterday.

In a BBC radio interview he reaffirmed that the next Tory Government would not embark on a comprehensive reform of trade union law on similar lines to the controversial 1971 Industrial Relations Act, but seek co-operation in a step-by-step approach to find solutions in specific problem areas.

Mr. Prior gave an implied rebuke to his Shadow Cabinet colleague Mr. Michael Heseltine and to Mr. David Howell, a Tory spokesman on home affairs, for the wide-ranging criticism of trade unions they voiced on Tuesday.

While acknowledging that they had reflected deeply-held views about certain trade union activities, he said he did not think that they had been "entirely fair" to those union leaders who were trying to give good advice to their rank-and-file.

Questioned by Robin Day, Mr. Prior stressed the need to approach trade union problems with circumspection. The trade union movement, and workers generally, were not deferential and did not always follow the advice of their own leaders, let alone the law or the advice of politicians.

"If we are going to get this right we must do it carefully and through conciliation and co-operation, not by rushing in."

Mr. Prior confidently asserted that the proposals in the Conservative election manifesto on trade unions would be reasoned and balanced.

They would attract wider support than could be gained by rushing into statements which proved difficult to fulfil, reduced the prospects for co-operation and conciliation, and possibly led to confrontation.

Mr. Peter Walker, Tory MP for Worcester, told a conference of businessmen in his constituency that the first task of the party in 1979 was to bring a sense of economic reality to Britain.

"Nineteen seventy-nine is a very dangerous year for this country. World conditions are unlikely to be to our advantage.

"As yet the Western world is not aware of the immense damage that will be done to Western economies if the disruption of Iran's oil industry continues."

Mr. Walker said that the economy continued to suffer from wage inflation, high taxation and lack of productivity, and was deeply in debt.

"These are the harsh realities of a country that has just indulged in the biggest-ever Christmas spending spree. Time is running out."

'Yes to Welsh Assembly' campaign launched

BY ROBIN REEVES, WELSH CORRESPONDENT

THE CAMPAIGN to secure a "yes" vote for the Welsh Assembly in the St. David's Day referendum was launched formally in Cardiff yesterday, amid confident predictions that Welsh public opinion is moving firmly in favour of the Government's devolution proposals.

Mr. Elystan Morgan, chairman of the umbrella "Wales for the Assembly" campaign and a former Labour Minister, said he was not surprised by the gradual shift in favour. There was a limit to the advantage of appeals to fears and prejudices used by the opponents of Welsh devolution.

"Our opponents are an unholy alliance, empty of any positive alternative. They display a total bankruptcy of thought and sterility of leadership as far as the Government of Wales is concerned," he said.

The Assembly would subject Welsh Office bureaucracy to democratic accountability, and bring positive economic and social advantages which Wales could not afford to lose and stil expect to be protected as a distinct community.

"A Welsh Assembly will mean better employment opportunities, better homes and better health and education services — and we would be fools of the century to spurn these opportunities," said Mr. Morgan.

"Without an Assembly, Wales would lose out to other part of the UK — especially Scotland, whose own assembly will be lobbying strongly for jobs and a bigger slice of Britain's own economic resources."

Public opinion polls in Wales over the last two years have shown a clear, if diminishing, majority against the Assembly. But Mr. Morgan expresed complete confidence that as the campaign developed and the "negativism" of opponents was exposed, there would be a resounding vote in favour on St. David's day.

Apart from launching a £25,000 appeal to pay for its activities, the campaign organisers have also unveiled names of seven distinguished people in Welsh public life who have agreed to act as patrons.

Inmos chief seeks freedom from political pressures

BY CHRISTIAN TYLER

AN INDIRECT plea to be left free of political pressures was made yesterday by Mr. Iann Barron, strategic director of the UK-based micro-electronics company, Inmos.

Mr. Barron emphasised that he wanted to be able to compete freely with similar established companies throughout the world in the same kind of entrepreneurial spirit that marked their own beginnings.

One of his aims for 1979 was to get free of the National Enterprise Board label and the implication that his venture should be directly accountable to politicians.

Inmos is financed entirely by the NEB, which is putting in £25m immediately, and a further £25m when the operation is established.

Mr. Barron told a seminar on silicon chip technology, arranged by the Association of Scientific, Technical and Managerial Staffs, that he did not want Inmos to be given preferential orders from other NEB companies like Rolls-Royce or British Leyland or from state industries like British Aerospace.

Since its inception, the company had been subject to all kinds of pressures from MPs and had been described too often as "controversial."

Inter-union conflict over insurance staff spreads

BY NICK GARNETT, LABOUR STAFF

THE FEUDING between TUC-affiliated unions in the insurance world worsened significantly yesterday when the National Union of Bank Employees announced that it was negotiating merger terms with the staff union at Phoenix Assurance.

The merger talks were "deplored" by the Association of Scientific, Technical and Managerial Staffs, which has members at Phoenix and has submitted a union recognition claim with the Advisory Conciliation and Arbitration Service.

The announcement is also likely to worry the TUC whose general secretary, Mr. Len Murray, warned the bank union last year that it would be better for the trade union movement if the union kept out of insurance.

The executive of the Phoenix staff union has already abandoned merger discussions with ASTMS which sees insurance as its traditional recruiting ground.

Mr. Leif Mills, general secretary of the bank union, said yesterday that if the union and staff association agreed merger terms they would be put to a ballot of staff association members. These number 2,700, but the association has a potential of almost 4,000.

At the present, ASTMS claims 70,000 members in insurance, but the bank union says this is a gross exaggeration. The bank union is in the first stages of forming an insurance section which at present would be composed largely of the former Guardian Royal Exchange staff association.

The bank union also has members at Sun Life of Canada, with sole negotiating rights at the Ecclesiastical Insurance Office and the TSB Trust Company. Yet it has only about 9,000 members in insurance.

Mr. Mills has written to ACAS explaining developments at Phoenix in the light of the union recognition claim by ASTMS. He has also informed Mr. Murray.

Mr. Mills said yesterday that the bank union would have merger discussions this year with other insurance staff unions, including those at Legal and General, Commercial Union, Eagle Star and Sun Alliance. The union hoped to have merger proposals agreed with at least two staff unions other than Phoenix by the end of the year.

Mr. John Brawley, general secretary of the Phoenix staff union, said that the bank union had proved more suitable than ASTMS because it provided a general financial base and had no political levy.

Talks hope in papers dispute

By Alan Pike, Labour Correspondent

THE FIRST of a series of meetings which could lead to a break in the deadlock in the pay strike by provincial journalists, now in its fifth week, will take place in London today.

A meeting of the council of the Newspaper Society, which represents the provincial managements, agreed yesterday to resume negotiations with the non-TUC affiliated Institute of Journalists this afternoon.

The institute is not involved in the strike but has rejected 10.9 per cent and has said that it will ballot its members on industrial action unless it receives an improved offer by tomorrow.

Although the Newspaper Society has refused to negotiate with the bigger NUJ until it calls off the strike, today's negotiations with the institute are likely to be followed by further talks between the society and the union.

Ready

Mr. Don Sutton, chairman of the NUJ provincial newspapers industrial council, said yesterday that the union remained ready to talk at any time but was "not prepared to surrender our strike just to get those talks under way."

Journalists on The Sunday Times called yesterday for the resignation of two senior management executives of Times Newspapers—where all publication has been suspended since November 30—for their handling of the dispute.

The Sunday Times NUJ chapel said that only the departure of Mr. Duke Hussey, chief executive, and Mr. Dougall Nisbet-Smith, general manager, could clear the way for a satisfactory outcome.

The journalists want the management to adopt a "less combative" approach to future negotiations by separating the issues of overmanning, introduction of new technology and unofficial disputes on which it is seeking agreement with unions.

They are urging Times Newspapers to suspend all notices of dismissal, including those which took effect this week, to help create an atmosphere in which negotiations can continue.

● Yorkshire Television went back on the air last night after a 17-day strike, following the settlement of a dispute, originally over a productivity claim, with the Association of Cinematograph, Television and Allied Technicians.

Employers 'not keen' on taking over-50s

BY ALAN PIKE, LABOUR CORRESPONDENT

A STRONG resistance to taking on people more than 50 years old is revealed in a survey by the Employment Department's Unit for Manpower Studies.

Analysis of 7,500 white-collar vacancies notified to Professional and Executive Recruitment showed that less than a quarter of employers were prepared to consider appointing an applicant over this age.

The most common maximum age was 45 with nearly half the vacancies open to people up to this point. Almost 40 per cent of upper age qualifications were in the 40-49 range.

At the other end of the age scale the study, published today in the Department of Employment Gazette, showed that the youngest that 44 per cent of employers were prepared to consider applicants was 25-29, with 35 per cent prepared to consider people below 25.

The report said: "One of the recurring reasons given by employers for specifying a maximum age limit was the career structure of the company." Employers hoped that recruits would make a career with them and so concentrated their recruitment on younger people for relatively junior positions."

Employers often felt it was inappropriate to fill a senior position from outside because "external recruits could not be expected to have the detailed knowledge of the company and its practices necessary to efficient operation at a senior level."

—Other reasons for setting age qualifications included the need to fit in with an existing management team, maintenance of salary standards, the desire to build a long-serving workforce and as an indication of the level of the post within the company hierarchy.

The study showed older candidates are particularly likely to be considered for jobs connected with health, safety and welface, industrial management, surveying and draughtsmanship.

● The number of working days lost through strikes during November was 1,874,000 — even higher than October's 1,853,000 and the worst for several years.

● The estimated number of people in employment in production industries was 9,099,700 at mid-October. This included 7,178,400 in manufacturing and 1,241,400 in construction. The total in production industries was 8,900 lower than in September and 50,600 lower than in October, 1977.

Tyne dockers' strike stops Norway cargo

FINANCIAL TIMES REPORTER

DOCKERS employed by the Port of Tyne Authority on the key roll-on/roll-off installations at Albert Edward Docks were on strike over a dispute about manning levels yesterday.

Cargoes due from Norway have been held up and a director of the Fred Olsen Bergen Line said that the future of the Immingham - Tyne - Norway service might be in jeopardy.

The strike by the 63 registered dockers at the complex, which includes the Tyne's newest roll-on/roll-off berth, opened last year, stems from the hand-over by Bergen Line to the Port of Tyne Authority of responsibility for dockers employed on site.

The port authority said that fewer men would be needed at the dock because the port was handling less conventional cargo.

Mr. Hans Hostvedt of the shipping line, said that the Dana Sirena, due in the Tyne today, would arrive on schedule but without cargo.

"We have had to advise Bergen not to send any cargo in view of the dockers strike."

Bergen, he said, was crowded with cargo accumulated during Christmas awaiting shipment to the Tyne.

"If this sort of thing is to become a regular occurance, it would be the easiest thing in the world to miss out the call at the Tyne altogether."

The shipment left at Bergen includes fresh fish, which is in short supply in Britain because of gales.

Other dockers employed by the authority at the Tyne Dock and Newcastle Quay are continuing an overtime ban in support of the annual round of pay negotiations in progress.

ASTMS BLAMES DEATH ON 'LACK OF COMMUNICATION'

Jenkins releases smallpox report

BY CHRISTIAN TYLER, LABOUR EDITOR

A "STAGGERING lack of communications" between health authorities, including the World Health Organisation, contributed to the recent Birmingham University smallpox outbreak and the death of Mrs. Janet Parker, a medical photographer, the dead woman's union claimed yesterday.

Mr. Clive Jenkins, general secretary of the Association of Scientific Technical and Managerial Staffs, yesterday released copies of the Government-commissioned investigation into the outbreak.

The investigation, led by Professor Reginald Shooter, professor of medical microbiology of London University, has been sent to the Health Secretary. The Department, however, has decided to withhold publication until after the impending prosecution of Birmingham University by the Health and Safety Executive.

Mr. Jenkins said he had been told that only parts of the report would be used in the case. That was "intolerable," he said.

Public interest warranted immediate and full publication of Professor Shooter's findings. Many further worrying discoveries, Mr. Jenkins said, were not mentioned in the report.

Professor Shooter's team reached conclusions critical of the World Health Organisation, the Department of Health and Social Security, the Dangerous Pathogens Advisory Group (set up after the last UK smallpox outbreak in 1973) and the university itself.

Mrs. Parker died on September 11 of a particularly virulent strain of smallpox. Her mother contracted it but was vaccinated and survived.

The report says that Professor Henry Bedson, the head of the department, was an international expert on smallpox who helped the WHO's campaign to eradicate the disease from the world. The last "natural" case was in Somalia in 1977.

However, it says, Professor Bedson had a "conflict of responsibility." He was funded by the WHO, belonged to the Dangerous Pathogens Advisory Group, and was his own safety officer at the laboratory.

Professor Bedson committed suicide shortly after identifying the virus in Mrs. Parker.

Mr. Jenkins refused to accept as coincidence the fact that in 1966 a photographer working in the same studio as Mrs. Parker also contracted smallpox, although in a milder form.

That outbreak affected 73 people in the West Midlands. No deaths occurred, according to the report, nor was an official enquiry held.

The Shooter Report adds that only chance and the efficiency of the safety authorities after the event prevented a wider outbreak in Birmingham. Mr. Jenkins said it was a miracle that there were not a serious epidemic.

As a result of the findings, some of which are being acted on by the Government, the association is demanding a public inquiry into the handling of pathogens everywhere, with a view to recommending new legal controls.

It wants a compulsory register of all laboratories, public or private, handling viruses such as rabies and Lassa fever, and removal of Crown immunity under the Health and Safety at Work Act for public laboratories.

Mr. Clive Jenkins

It says the pathogens group should be reconstituted with trade union and independent members and, with the Genetic Manipulation Advisory Group, be put under the control of the Health and Safety Executive.

Mr. Jenkins called for a report on hybrid viruses. He agreed with the Shooter recommendation that the remaining smallpox laboratory in the UK (Birmingham University's has been closed) at St. Mary's Hospital, London, should be relocated at a secure site in the countryside.

He said: "I am aware that there will be anguished protests by the medical and scientific community. But this outbreak could have undone the patient work of years.

"We have had three outbreaks in the UK since 1966 arising from research. The rest of the world must be wondering what is going on here."

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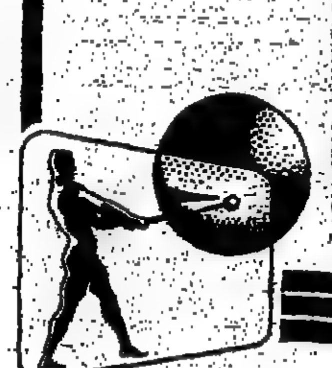


The Rank Organisation is a major U.K. company which has international markets and associated companies with current turnover approaching £500M. It is involved in a wide range of activities covering films and leisure, consumer electronics, advanced high precision technology and many other related activities. In many of its markets it is recognised for its international leadership.

The Group Treasurer is a key member of a small top level team reporting to the Finance Director. He or she will have overall responsibility for the Organisation's central cash management arrangements with particular reference to the maintenance of cash forecasting systems, the optimisation of financing resources and the monitoring of foreign currency transactions. The maintenance and development of relationships with clearing and other banks is also a central part of the job.

He or she will also provide financial advice and guidance to all subsidiary companies in the areas of financing, foreign exchange, cash management and ECGD financing.

Applicants should preferably be business school graduates aged 32-45 and their experience will probably have been gained in the Treasury Department of an international business. It is essential that they have the stature to provide functional leadership to subsidiary companies and to maintain good relations with international financial institutions.

Anyone earning less than £12,500 currently is unlikely to have the necessary experience for this position. Conditions of employment are excellent and include a company car. The appointment is based at the Organisation's Mayfair headquarters.

Applications, with full details should be addressed to The Personnel Controller, The Rank Organisation Limited, 11 Hill Street, London W1X 8AE.

THE RANK ORGANISATION

Senior Accountants

£10,500 p.a. plus car

A major international engineering group wishes to make three senior appointments with responsibilities as follows:—

FINANCIAL ACCOUNTANT
- The preparation of master budgets
- To review and improve financial control systems
- To monitor and control financial performance
- To prepare periodical accounting reports.

Ref: FI/3994/FT

MANAGEMENT ACCOUNTANT
- To assist line management in the preparation of budgets
- To prepare budget reports
- The operation and improvement of cost systems and procedures
- To prepare and analyse cost reports.

Ref: MA/3995/FT

TAX ACCOUNTANT
- The preparation of tax and capital allowance computations
- To provide solutions to specific tax problems
- To provide advice on taxation implications of financial plans.

Ref: TA/3996/FT

Applications are invited from professionally qualified accountants, aged 35 – 45, who are able to demonstrate a successful and results orientated career progression.
The successful candidates must produce a high standard of work and be flexible enough to undertake specific projects anywhere in the group. Prospects within this group are excellent and candidates should have the capacity to develop rapidly. Car, pension scheme, and other fringe benefits provided.

Please write stating age, current salary and how you meet our Client's requirements, quoting the appropriate reference on both letter and envelope. Men and women are invited to apply. No information will be passed to our Client without your permission.

Urwick, Orr & Partners Limited
Management and Selection Consultants
Baylis House, Stoke Poges Lane, Slough SL1 3PF

ASSISTANT MANAGING DIRECTOR
for
ARAB MARITIME PETROLEUM TRANSPORT CO., KUWAIT

AMPTC — Pan-Arabic tankshipowners with an issued capital of $US 500 million own eight tankers totalling 2 million t. d.w.t. and has three more L.P.G. on order.

Due to reorganisation there is a vacancy for an Assistant Managing Director who, with direct responsibility to the Vice-Chairman and Managing Director, shall co-ordinate and direct the
- Technical Department (Repair maintenance, new building, purchase, marine personnel operations)
- Commercial Department (Operations, chartering, research and projects)

This is a key executive managerial position.
Wide experience of tanker management is indispensable in this position. The position carries large responsibility and challenges—and will be correspondingly well remunerated.
Qualifications:
- University education.
- Broad tanker management experience, technical and commercial, with emphasis on chartering.
- International experience, preferably but not necessarily from Arab countries.
- Age preferably 35-50 years.

Further information can be obtained from Mr. Ola H. B. Hellan, Asbjørn Habberstad A/S, Oslo. Tel: (47.2)—150190.
Applications, marked L-1036, to be sent to:
Mr. Ola H. B. Hellan
ASBJØRN HABBERSTAD A/S
Management Consultants
P.O. Box 10, Linderud, Oslo 5, Norway.

Financial Controller — Middle East

A challenging opportunity exists within a Middle East holding company for an ambitious, well qualified Chartered Accountant.

The successful candidate will report to the Chief Executive Officer and be responsible for monitoring the financial performance of fifteen joint ventures with foreign and local partners engaged in general contracting, industrial engineering and construction, manufacturing industries, operations and maintenance of equipment, and agricultural and other projects.

The position demands a thorough understanding of operational, financial and contracts auditing and familiarity with the construction industry. Fluent English is necessary and preference will be for candidates able to handle books and documents in Arabic, though applicants without this fluency will be considered. Previous Middle East experience is desirable.

An extremely attractive tax-free salary, commensurate with the experience of the successful candidate is offered, and, in addition, there will be a generous range of fringe benefits including furnished housing, car, education allowance, and paid home leave.

Please reply in strictest confidence giving full career details to:-

Box 2221, Gould & Portmans Ltd.,
55/57 High Holborn, London W.C.1. England

ACCOUNTANT
BERMUDA

Ref. No. 39083

Major insurance group requires a qualified Chartered Accountant for their Bermuda office. Excellent conditions of service. Age group approximately 27/35 years.

SALARY
$19,000 p.a.

Please telephone in confidence.
Trevor James
IPS GROUP
(Employment Consultants)
01-481 8111

APPOINTMENTS ADVERTISING RATE £16.00 PER SINGLE COLUMN CENTIMETRE

Rowe & Pitman, Hurst-Brown

ANALYST—FOOD MANUFACTURING

Rowe & Pitman, Hurst-Brown are seeking an analyst to develop their research effort in this sector. Applicants should have had at least two years' relevant experience which will probably have been gained either in stockbroking or with a major financial institution.

We are offering an attractive remuneration of salary and profit sharing bonus, together with a non-contributory pension scheme incorporating good life cover.

Applications in confidence with full curriculum vitae to:—

P. N. Smith, Esq., Staff Manager, Rowe & Pitman, Hurst-Brown, 1st Foor, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA.

R&P

Financial Administration Manager

c. £10,000 + car

For the Home Counties HQ, North of London, of a major international group amongst the leaders in their field manufacturing and marketing a range of products, including complex highly engineered equipment. There is a profitable eight-figure UK turnover, and the new appointment arises as a result of expansion and recent reorganisation. The Manager will control a team responsible for a range of activities including cash control, insurance, some taxation matters and liaison/interface with financial institutions.

Candidates, probably aged around 30, must be qualified accountants with relevant "treasury" type experience preferably in a multinational organisation.

Removal expenses and usual fringe benefits.

Applications welcomed from men or women. Please reply in confidence, giving brief details to: Ref. MA 184, Robert Marshall Advertising Limited, 30, Wellington Street, London WC2E 7BD.

Robert Marshall Advertising Limited

FINANCIAL SERVICES

Initial Salary Area £6,000

Aged under 30

A small well-established Company is looking to expand its team of executives. Experience in associated fields a particular advantage. Considerable scope for advancement and full range of benefits offered.

Write with experience to date to Box A.6571, Financial Times, 10, Cannon Street, EC4P 4BY.

ART GALLERIES

BLOND FINE ART, 33, Sackville Street, London, W.1. 01-437 1230. MARGARET FISHER-PROUT. A Retrospective Exhibition of Oils and Watercolours 1890-1963. Until 3 Feb. Mon.-Fri, 10-6. Sats. 10-1.

MALL GALLERIES, The Mall, S.W.1. Hesketh Hubbard Art Society, Ann. Exhbn. Daily 10-5. Until 13 January. Adm. free.

CRANE KALMAN, 178, Brompton Road, S.W.3. 01-584 7566. MILLS AND INNS, RIVERS AND STREETS OF ENGLAND —Paintings 1830-1978. Until 27 Jan. Mon.-Fri. 10-6, Sats. 10-4.

OMELL GALLERIES, 40, Albemarle Street, Piccadilly, W.1. ANNUAL END-OF-YEAR CLEARANCE OFFER OF FINE PAINTINGS & WATERCOLOURS. MANY AT GREATLY REDUCED PRICES from £50.

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Show at Midnight and 1am. Mon.-Fri. Closed Saturdays. 01-437 6455.

COMPANY NOTICE

MURATA MANUFACTURING COMPANY LTD. (CDRs)

The undersigned announces that as from January 15, 1979 at Kas-Associatie N.V., Spuistraat 172 in Amsterdam and Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg Div. Cpn. No. 5 (accompanied by an "Affidavit") of the CDRs Murata Mfg. Company Ltd., will be payable with $7.68 net per CDR, repr. 100 shares and with $16.80 per CDR, repr. 1,000 shares (div. per record-date 20.9.78; gross Yen 3.75 per share) after deduction of 15 per cent Japanese tax = Yen 56.25 = $0.28 per CDR, repr. 100 shares and Yen562.50 = $2.80 per CDR repr. 1,000 shares.

Without an Affidavit 20 per cent Japanese tax (Yen 75 = $0.38 per CDR, repr. 100 shares and Yen 750 = $3.80 per CDR repr. 1,000 shares) will be deducted.

After 21.4.79 the dividend will only be paid under deduction of 20 per cent Japanese tax with $1.59 net per CDR, repr. 100 shares and with $15.90 net per CDR repr. 1,000 shares, in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
December 22, 1978.

PUBLIC NOTICES

LUTON BOROUGH COUNCIL BILLS
£950,000, due 4th April 1979, issued 3rd January, 1979, at 11.796875%. Bids at that price allotted in full. Applications totalled £4.05m. These are the only Bills outstanding.

COMPANY NOTICES

NOVO INDUSTRI A/S
TO THE HOLDERS OF B-SHARES OF NOVO INDUSTRI A/S
EXCHANGE OF SHARE CERTIFICATES

By resolution adopted at the Company's Extraordinary General Meeting held on 9th October, 1978, Article 4 of the Articles of Association was amended so that B-Shares will in future be issued to bearer together with a coupon sheet to be used, among other things, for the collection of dividends. Articles 11 of the Articles of Association was also amended so that registration under the holder's name is no longer a prerequisite of exercising voting rights conferred by a Share. B-Shares may, however, be registered under the holder's name in the Company's Register of Members at the holder's request. In addition, the Company's B-Shares have been admitted to the Official List of The Stock Exchange in London.

The Company's B-Share certificates in issue are now being called in for the purpose of exchange for new share certificates issued to bearer together with coupon sheets. Hereafter, payment of dividend will be effected solely against delivery of the relevant coupon.

Exchange of share certificates will be effected as from 11th January, 1979, through:

COPENHAGEN HANDELSBANK,
EMISSIONS AFDELINGEN,
FREDERIKSHOLMS KANAL 6, COPENHAGEN K
MAIL TO: HOLMENS KANAL 2, 1091 COPENHAGEN K
TELEPHONE: (01) 14 75 11, EXTENSIONS 63 AND 64.

The old share certificates, classified sequentially by letter and number, should be delivered on forms obtainable from the Handelsbank at the above address or from Morgan Grenfell & Co. Limited, Registration Department, 23 Great Winchester Street, London EC2P 2AX.

Until 9th October, 1978, the rule was that B-Share certificates should bear the holder's name and be registered in the Company's Register of Members. The new bearer share certificates will not be registered under the holder's name unless specific request is made since registration under the holder's name—as mentioned above—is now, after the amendment of the Articles of Association, not a prerequisite for exercising voting rights. Insertion of the name and registration may be effected at the place of issue, if required.

BAGSVAERD, 4th JANUARY, 1979.
THE BOARD OF DIRECTORS

Note to U.K. Shareholders

U.K. shareholders should consult their advisers regarding lodgement and depositing of bearer share certificates and for assistance in obtaining the new bearer Share certificates. To exercise his voting rights a shareholder must apply for an admission card five days in advance of the general meeting and evidence his shareholding. Registration under the holder's name enables a shareholder to evidence his shareholding by means of a statement; if not registered, he may do so by production of the share certificate or other acceptable documentation.

UNION CORPORATION GROUP
ANNUAL GENERAL MEETINGS

The Annual General Meetings of the undermentioned Companies (all of which are incorporated in the Republic of South Africa) will be held at Union Corporation Building, 74/78 Marshall Street, Johannesburg, on the date and times mentioned below:—

Name of Company	Dates and times of Meetings	Transfer Books Closed from	to
Unisel Gold Mines Limited	Thursday, 25th January 1979 at 9.30 a.m.	22.1.79	25.1.79
St. Helena Gold Mines Limited	Thursday, 25th January 1979 at 10.15 a.m.	22.1.79	25.1.79
Kinross Mines Limited	Friday, 26th January 1979 at 9.30 a.m.	22.1.79	26.1.79
Winkelhaak Mines Limited	Friday, 26th January 1979 at 10.15 a.m.	22.1.79	26.1.79
Leslie Gold Mines Limited	Friday, 26th January 1979 at 11.00 a.m.	22.1.79	26.1.79
Bracken Mines Limited	Friday, 26th January 1979 at 11.45 a.m.	22.1.79	26.1.79

per pro. UNION CORPORATION (U.K.) LIMITED
London Secretaries
L. W. Humphries

London Secretaries,
Princes House,
95 Gresham Street,
London EC2V 7BS.
4th January 1979.

EUROPEAN COAL AND STEEL COMMUNITY
(E.C.S.C.)

Established by the treaty which was signed in Paris on the 18th of April, 1951

KIRCHBERG—LUXEMBOURG (Grand Duchy of Luxembourg)

Bonds 7½% 1973-1988 of FF 250.000 each
Alphanumerical Code: 826.765

Numerical list of the 24 bonds drawn at the 1st drawing conducted for redemption on the 19th of December 1978 and redeemable from the 30th of January 1979 at FF 250.000 per bond:

99 to 122

INTERNATIONAL DEPOSITARY RECEIPTS (IDR) ISSUED BY MORGAN GUARANTY TRUST CY OF NEW YORK REPRESENTING ORDINARY CONVERTIBLE CLASS C SHARES OF BRASCAN LIMITED.

A distribution of US$0.25 per depositary share less any applicable taxes and fee will be payable on and after January 31, 1979 upon presentation of coupon No. 8 at any of the following offices of Morgan Guaranty Trust Cy of New York:
New York (USA) ADR Section, 15 Broad Street.
Brussels, 35, avenue des Arts.
Antwerp, 82, Frankrijklei.
London, 33, Lombard Street.
Paris, 14, Place Vendôme.
Frankfurt, Bockenheimer Landstrasse, 8
Zurich, Stockerstrasse 38.
and at Banque Generale du Luxembourg, 14, rue Aldringer, Luxembourg.

PRIVREDNA BANKA ZAGREB
US$50,000,000—FLOATING RATE—1978-1986

Holders of above bonds are hereby informed that coupon No. 1 will be payable as from the 22nd of June 1979 at the price of US$67.93 which is equivalent to a yearly interest of 13⅜% worked out on a basis of 182.360s. The period under review starting from December 22, 1978 until June 21, 1979 inclusive.
The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG.

H. J. HEINZ COMPANY LIMITED
NOTICE IS HEREBY GIVEN that the Transfer Books of the 6% Debenture Stock 1975/84, and the 5½% Debenture Stock 1976/81, of this company, will be closed from 17 to 30 January, 1979, both dates inclusive.
Hayes Park,
Hayes,
Middlesex.
28 December, 1978

CONTRACTS AND TENDERS

THE HASHEMITE KINGDOM OF JORDAN
JORDAN ELECTRICITY AUTHORITY
SOUTH JORDAN TRANSMISSION DEVELOPMENT, STAGE 1

Tenders are invited for the design, manufacture, testing, delivery, erection, commissioning and maintenance for twelve months of equipment covered by the following three tender documents:—

1. Tender No. 26/78 (4041/01) for switchgear and ancillary equipment for five new substations and extensions at two existing substations including all necessary substation civil works. The main plant requirements are briefly as follows:
27 bays of outdoor 132kV switchgear
7 panels of indoor 132kV metalclad SF6 switchgear
30 panels of indoor 33kV switchgear
2 panels of 11kV switchgear
2-7.5MVAr capacitor banks with switchgear

The new substations will be located in Southern Jordan at Qatrana, Karak Power Station, El Hasa, Ghor Safi and Rashadyia. The existing substations are at Amman South and Bayader. Tenders will only be considered for the complete supply and erection of the plant with civil works. The cost of one set of three tender documents will be 80 Jordan Dinars or £135 sterling.

2. Tender No. 28/78 (4041/02) for transformers and associated equipment for five new substations. The main plant requirements are briefly as follows:—
4—40MVA, 132/33kV transformers
1—25MVA, 132/33/11kV transformer
1—16MVA, 132/33kV transformer
1—10MVA, 132/33kV transformer
1—10MVA, 33/11kV transformer
6—earthing/auxiliary transformers
The cost of one set of three tender documents will be 60 Jordan Dinars or £100 sterling.

3. Tender No. 27/78 (4041/03) for 132kV double circuit overhead transmission lines equipped with 400mm² nominal aluminium area conductor. Lines will be between the following places:—
Bayader-Amman South—11 kms
Amman South-Qatrana—72 kms
Qatrana-Karak-Ghor Safi—84 kms
Qatrana-Hasa—53 kms
Hasa-Rashadyia—35 kms
The cost of one set of three tender documents will be 80 Jordan Dinars or £135 sterling.

Tenderers will be required to provide evidence of substantial experience in work of a similar nature and magnitude.

An application has been made to the I.B.R.D. for a loan towards the cost of the project and where appropriate, payments for goods and services would be subject to the terms of any Loan Agreement.

A brief description of the extent of the work and general conditions pertaining to the contract may be obtained on written application to:—
The Director General,
Jordan Electricity Authority,
P.O. Box 2310,
Amman,
The Hashemite Kingdom of Jordan.
or
Preece, Cardew & Rider,
Paston House,
165-167, Preston Road,
Brighton BN1 6AF,
Sussex,
England.

Applications should quote relevant tender numbers.

Tender documents will be available from the Jordan Electricity Authority and Preece, Cardew & Rider at the above addresses from 24th January, 1979.

Tenders are to be returned to the Jordan Electricity Authority Office before noon on Monday, 30th April, 1979.

The Jordan Electricity Authority does not bind itself to accept the lowest or any tender, nor will it be responsible for any costs incurred by tenderers in preparing their tender.

BOND DRAWINGS

EUROPEAN COAL AND STEEL COMMUNITY

5¾% 1966/1986 UA 20.000.000

Bonds for the amount of UA 1,200.000 have been drawn for redemption in the presence of a Notary Public on December 14, 1978.

The Bonds will be reimbursed cum-coupon no. 14 on and after February 1, 1979.

The drawn debentures are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning for:

Bonds of nominal UA 1.000: at *10.518 up to 12.302 incl.*

Bonds of nominal UA 250: at 30.260 up to 31.539 incl.

Amount called for redemption: *UA 1.300,000. Bonds purchased on* the market: UA100.000. Amount unamortised: UA 9,600,000.

Outstanding drawn Bonds:

Bonds of nominal UA 1.000: 1509, 2001 to 2032 incl., 2039 to 2068 incl., 2082, 2084 and 2085, 2089 to 2093 incl., 2111 and 2112, 2123 to 2127 incl., 2130 to 2133 incl., 2139 and 2140, 2229 to 2231 incl., 2237 to 2267 incl., 2278 to 2287 incl., 2304 to 2343 incl., 2351, 2355, 2398 to 2400 incl., 2424 to 2431 incl., 12377, 12516 and 12517, 12592, 12663, 12771, 15774 and 15775.

Bonds of nominal UA 250: 17717 to 17720 incl., 17841 and 17842, 17878 and 17879, 17980 to 17982 incl., 18006, 27233 to 27235 incl., 27270 to 27273 incl., 27360 to 27363 incl., 27369, 27380 to 27383 incl., 27616 to 27619 incl., 27645 to 27648 incl., 27701 to 27716 incl., 27729 and 27730, 27755 to 27756 incl., 27761 to 27772 incl., 27783 and 27784, 27786 and 27787, 27789 to 27792 incl., 27797, 27851 and 27852, 27877 to 27880 incl., 27889 to 27892 incl., 27966 to 27970 incl.

Luxembourg, December 29, 1978.

PRINCIPAL PAYING AGENT,
KREDIETBANK,
S.A. Luxembourgeoise.

DRAWING

At drawings made in December 1978, in the presence of a Notary Public in Stockholm, Deposit Certificates in respect of Bonds of

THE GERMAN REICH 4% (FORMERLY 6%) EXTERNAL LOAN OF 1930 (the "Match Loan")

totalling US$607,000 were drawn for redemption as at the 15th January, 1979.

Lists of certificates drawn can be obtained at Lazard Brothers & Co., Limited, 21, Moorfields, London, EC2P 2HT.

The certificates are payable on the condition given in the certificates as from the 15th January, 1979, at any of the offices of Skandinaviska Enskilda Banken and Gotabanken as well as at the offices of the other Paying Agents.

No interest will be paid as from 15th January, 1979, on certificates drawn.

Certificates presented for redemption shall be accompanied by all the interest coupons which are not yet due for payment as well as by the talon. Otherwise, an amount equivalent to the missing coupons will be withheld.

The holder of a certificate which has been drawn will receive on its redemption a voucher in respect of the right attaching to the certificate to receive "Funding Bonds" when issued.

Any of the drawn certificates held on behalf of residents in the United Kingdom should be lodged between the hours of 11 a.m. and 2 p.m. (Saturdays excepted) for payment through an Authorised Depositary in London with Lazard Brothers & Co., Limited, 21, Moorfields, London, EC2P 2HT, from whom listing forms may be obtained. Certificates cannot be accepted through the post.

NOTICE TO BONDHOLDERS

PROVINCE OF NEWFOUNDLAND

30,000,000 CANADIAN DOLLARS
10¼% 1975-1985

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that no Bonds have been purchased for the Purchase Fund during the twelve-month period from December *15, 1977 to December 14, 1978.*
Amount outstanding $Can 30.000.000.
December 29, 1978.

PROVINCE OF NEWFOUNDLAND

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● CONSTRUCTION

Waterproofs the mix

A CONCENTRATED liquid waterproofer for use in cement mixes to provide permanent waterproofing properties has been introduced by Index Finishes (UK), Index House, Dawkins Industrial Estate, Poole, Dorset BH15 4JY (02013 78661).

Index Integral Waterproofer, as it is called, may be incorporated into mass and reinforced concrete, precast, ready-mixed concrete, renderings and screeds. It is said to have no effect on the setting time of mixes and does not cause corrosion of reinforcement or stressing wires. Workability is also claimed to be improved, allowing a reduction of the gauging water by 10 per cent.

● MATERIALS

Expands on exposure to light

AN EXPERIMENTAL material that expands by about 35 per cent in each of its dimensions when exposed to ultraviolet light has been synthesised and is being studied at IBM's Research Division. The expansion corresponds to a change of about 145 per cent in volume.

The material is a jelly-like substance synthesised from two organic compounds containing the elements carbon, hydrogen, oxygen and nitrogen.

IBM says past experience has shown that materials which undergo dimensional change, especially where surface relief is concerned, have proved to be useful in printing and information display technologies and the suggestion is made that a substance such as this, which swells upon irradiation, might allow production of printing plates via a computer-controlled ultraviolet light source without the use of solid type.

Similarly, perhaps a lens or optical mask could be used to focus an image onto the surface of the material, as in photocopying. But such uses are far down the road, it is added.

More details may be obtained from International Business Machines Corporation, Research Division, P.O. Box 218, Yorktown Heights, N.Y. 10598 USA.

● METALWORKING

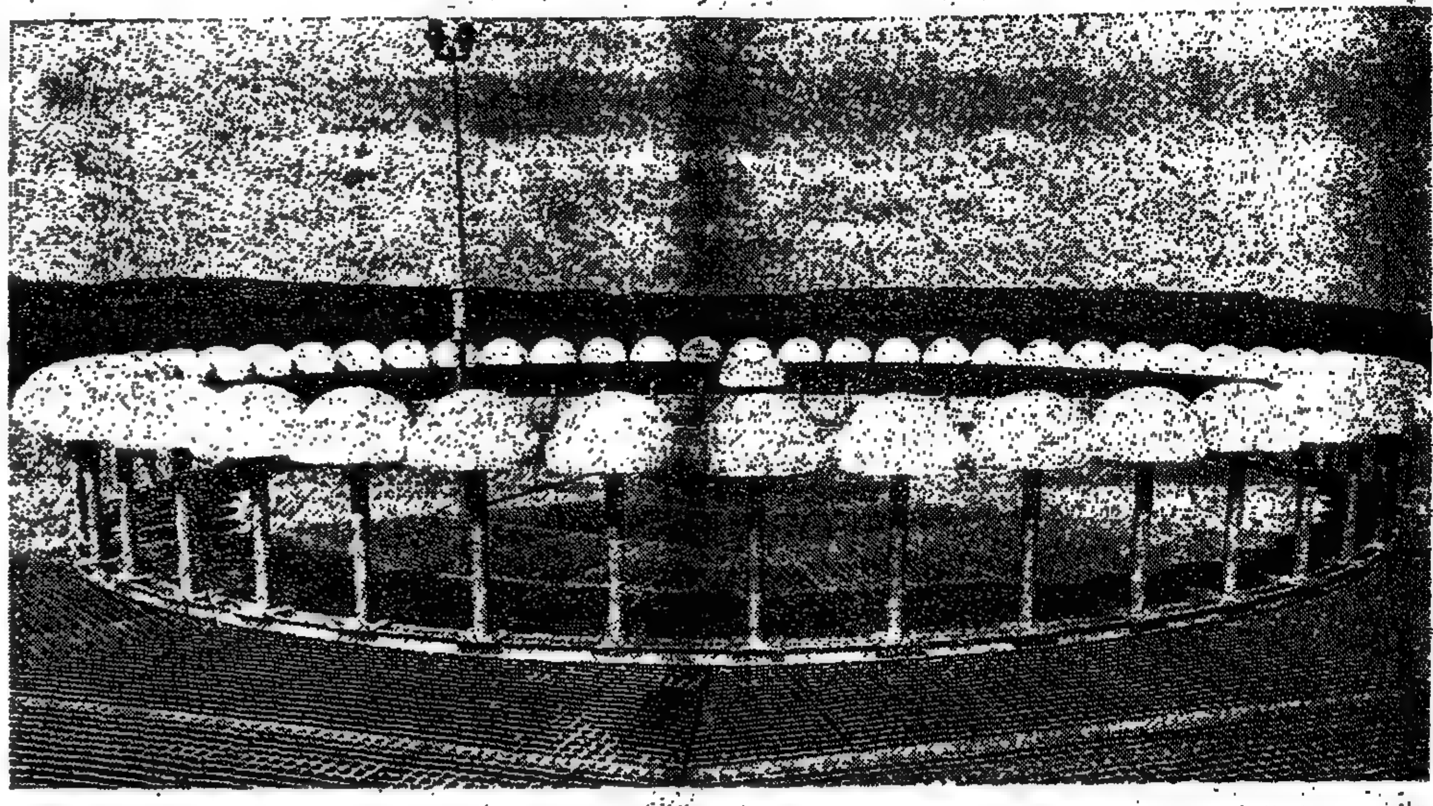
Heavy-duty bending rolls

BENDING roll division of Press and Shear Machinery Company has obtained the exclusive UK agency for the Heisteel range of light, medium and heavy duty power operated bending rolls. This represents an enormous range of size and types with capacities of working lengths up to 6,000mm and thickness up to 50mm.

Heisteel claims world leadership in the design and manufacture of high quality bending rolls and, after a long period of development work and practical experience, is in a position to meet any requirements so far as rolling of cold plate is concerned, with greater control and accuracy of rolling and thus a greater degree of repeatable accuracy.

The range runs from the type Fix-L, a low priced and simple pyramid roll for occasional use at repair shops and in light sheet metal industries, to a fully-automatic 4-roll machine with a 50 cylinders per hour capacity. All machines over 3000 mm length rolls are fitted with bottom roll support as standard. In addition to its standard machines, Heisteel has a flexible programme to manufacture machines of special design upon request.

Press and Shear, Coronation Road, Park Royal, London NW10. 01-640 3211.



This aircraft navigational aid has been supplied by Plessey Radar and is now operating at Konnerud near Fornebu Airport Oslo, Norway. The equipment enables all aircraft fitted with the appropriate receivers to obtain bearing and homing information for en-route and terminal navigation. An inherent advantage claimed for the system is that the radiated signals are not adversely affected by reflections from the surrounding terrain. This has enabled the equipment to be sited on the extended centre line of the runway despite the tree covered, hilly surroundings. Aircraft can now be positioned directly on to the ILS approach. The system is designed for remote unattended operation. It is a dual system with automatic switchover and battery standby and can be supplied in a number of configurations depending upon user requirements.

● EXHIBITIONS

The travails of a Victorian tribologist

ARE YOU sitting comfortably, dear readers? Then we shall begin. . . .

Once upon a time, a 100 years ago, there lived a freelance engineer called Beauchamp Tower. The word tribology was not then known. It means the science and technology of interacting surfaces in relative motion (and the practices related thereto), including the subjects of friction, lubrication and wear.

The Institution of Mechanical Engineers prefers the description—"study of friction, lubrication and wear in bodies moving against each other at high velocity."

Whichever, this is the technical page, and the subject of tribology is to be taken as seriously as it was by the aforementioned Mr. Tower who, a century ago, was asked by the Institution to investigate friction between bodies moving at high velocities . . . etc, etc.

Inadequate lubrication was the stumbling block—preventing more efficient and high powered machinery from being developed.

Although he died on his bicycle while riding off to visit his mother, Mr. Tower, nevertheless, managed to complete his experiment which showed the importance of oil pressure in lubricated machinery, and the observations he made led to the theoretical explanations upon which all fluid lubrications theory has since been based.

Now, the grand daddy of tribology is to be honoured in a special event to be held at IMechE headquarters at Birdcage Walk, Westminster, London SW1, on February 20.

A lecture and exhibition comprise the tribute. Professor Alastair Cameron of the Imperial College Department of Mechanical Engineering is to give the lecture during which he will follow Tower's experiments describing the benefits and advances in the field of lubrication and friction which have been made as a result of the Victorian's work, and bringing to the fore those problems still outstanding.

The Science Museum has organised the exhibition which is intended to show Tower's life and work, and some of the principles involved. This will remain at IMechE for two weeks before embarking on an extensive national tour.

Part of the exhibition will include a working model illustrating the original Tower experiment and the effects he observed. A replica of a bearing from Stephenson's "Rocket" will demonstrate methods of lubrication before Tower's discoveries, and other models, some working, will show how his ideas changed.

In addition to the static display and working models the exhibition sports a slide and tape show. Both lecture and exhibition are open to anyone to attend; the lecture is to be given at 6 pm and the exhibition will be opened shortly beforehand.

More from IMechE on 01-839 1211.

British companies show more goods abroad

DURING THE first three months of this year over 2,400 British firms, supported by the British Overseas Trade Board, will participate in 111 trade fairs and seminars in 23 different countries.

In Frankfurt next week (January 10-14), 136 British companies will display a large selection of textiles, including carpets, at Heimtextil, the annual showcase for home furnishing textiles.

A range of designs and craftsmanship in furniture will be shown at the 10th International Furniture Exhibition in Paris (January 11-15) by 59 British exhibitors.

At the Asian International Chemical and Process Engineering and Contracting Show in Singapore (January 16-19) there will be a British pavilion in which 40 firms will demonstrate examples of UK chemical plant, equipment and process technology to buyers from the SE Asia market.

An exhibition at the British Export Marketing Centre in Tokyo (February 6-10) includes a seminar where a number of technical papers will be read. Twelve British companies will be represented. They will display specialised equipment and denote Britain's capabilities and experience in offshore and industrial marine technology.

A British group of 34 will exhibit household apparatus and electrical appliances at Domotechnica in Cologne (February 7-10).

Britain's leisure and outdoor life industry will be presented at the National Sporting Goods Association Show in Chicago (February 8-11) when 39 companies will exhibit their products.

A new international event in Bahrain (March 25-29) is the Middle East Oil Show, expected to attract buyers from all the oil producing countries in the Gulf. In a British pavilion, the BOTB will support 65 companies with the co-operation of the Council of British Manufacturers of Petroleum Equipment and the Association of British Oceanic Industries.

Strong representation from the UK (46 firms) is promised at the European Education Materials Exhibition, Dusseldorf (March 27-31) where firms will show their latest products and developments to an international audience.

The Board says that during 1978, with support from its trade promotion scheme, more than 7,700 British firms participated in 317 trade fairs and seminars in 52 countries. In addition, British business representatives from over 3,100 firms took part in 252 officially sponsored missions to 71 countries. The Board has also supported the promotion of British consumer products at 12 overseas retail store promotions.

Level of trade fairs activity last year—compared with 1977—showed a small increase, while the number of outward missions rose by about 12 per cent, and the number of participants increased by about 23 per cent.

● DATA PROCESSING

Promoting small machines

DISTRIBUTION Computer Services, a Manchester-based company specialising in the provision of computer systems and services for the distribution industry, has signed an agreement with Texas Instruments whereby DCSL will supply to TI DS990/10 disc-based business computer system as part of a package specifically aimed at wholesalers.

DCSL, which is offering its TI-based system throughout the UK, has ten years' experience in providing computer services for the distribution industry, with particular reference to systems for stock replenishing, financial control and gross-margin control.

Until recently, it operated as a real-time and conventional commercial bureau, but two years ago expanded its services to offer software and consultancy facilities for people who already had their own computers. The latest step in the expansion of DCSL's activities is to align with Texas Instruments on an OEM basis, and all the standard wholesaling packages developed by DCSL are being made available on the TI machines.

Texas Instruments, Manton Lane, Bedford, MK41 7PA. 0234 67466.

● TEXTILES

Water jet loom launched

THERE IS a growing controversy in weaving circles over the way future weaving technology will develop. One school believes in the multi-phase system, in which a large number of weft yarns are inserted into fabric simultaneously, and already looms of this kind are being developed in such countries as Britain, Czechoslovakia, Italy, Spain, Switzerland and the USSR.

The other school of thought believes in the insertion of single picks, but at extremely high speeds and from a large capacity weft supply. This type of development is characterised by air and water jet looms which are built in Switzerland, Czechoslovakia, and Japan. Now, a completely new water jet loom has been launched from Italy, by the Meteor loom company which is situated in North Italy.

The machine being offered commercially is styled the JH 100 and is available for weaving in reed widths between 150 and 250 cm, with speeds up to some 650 ppm. The loom is also being offered with modest dobby or tappet patterning systems for making fancy cloths, although a Jacquard has not yet reached the market which will operate at these extremely high speeds.

This machine promises to be suitable for both filament and staple yarns—which is something of a departure from most water jets which are only being used for synthetic filament yarns such as nylon, polyester, etc.

It is being sold in Britain through Herbert Brown, Whiteley Street, Milnsbridge, Huddersfield. Tel. 0484 651117.

THE MARKETING SCENE

Marketeers are once more pencilling in large sums for advertising in order to launch new brands, says ***Peter Kraushar****, surveying current trends in new product development: 'They have seen too often what happens when markets are allowed to degenerate into commodity price wars.'*

Bright spells expected

NEW PRODUCT development has been affected recently by a number of factors in different areas. Some of the more important ones are as follows.

● Improvement in the UK economy. Even hard-boiled marketing men and development specialists are affected by the obvious improvement in the *economy*. Moreover, "atmosphere" is more important than reality; nothing could be worse than the situation of 1975-76, so an improvement is regarded as halfway to a boom and budgets are again available for development. This is not as contentious as is sounds—companies must be reasonably optimistic about the future if they are to discover new market opportunities.

● Price and quality. There is some evidence that the extreme price-consciousness of the last few years is on the wane. There are opportunities once more for products offering superior quality and/or convenience. For example, in bar chocolate Yorkie has fared well though priced slightly above Cadbury's Dairy Milk; in frozen foods high priced cakes have prospered; in cake mixes expensive *products such as* Robertson's Candora and Green's cheesecake mixes have again done well despite their *price levels*; in pet foods Pedigree Chum and Whiskas have gained ground, although they are both premium brands.

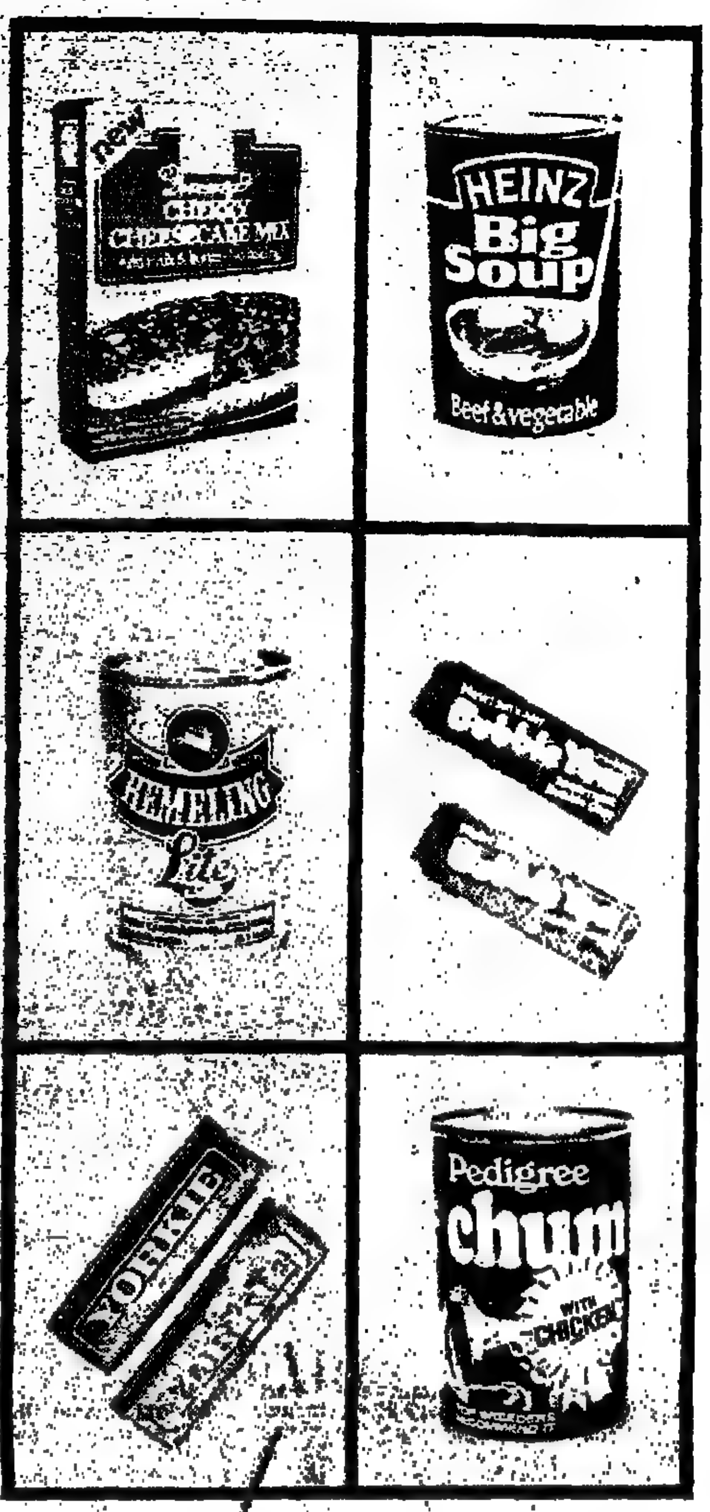
In many consumer markets—food, durables, textiles, and so on—UK quality has fallen *compared* with the rest of Europe. As our disposable income improves there should be more scope for quality products. Naturally this will be much more true for some markets than others, so the need for pricing or value *research*, to establish what the market can bear, will be greater than ever.

● *Trade and consumer acceptance.* Both retailers and consumers have continued to accept new products.

Grocery distribution figures may seem a little lower than in the past, but products like Animal Biscuits, Five Pints, *Heinz Big Soup*, Hovis Crackers and Bovril Cubes have all achieved trial success of at least 25 per cent and a buying level in recent times of at least 10 per cent—reasonable figures by most standards.

Moreover, there have been a *number of other* development successes — for example, Bass Charrington's Hemeling, Weetabix's Weetaflakes, soft *bubble* gums such as Lifesavers' Bubble Yum, MacDonalds' fast foods, including three outlets with an annual turnover of £1m each, Spillers' Cook-in-Sauces, instant noodles such as Golden Wonder's Pot Noodle, United Biscuits' *United, Loctite, Holt Lloyds'* Contour and Colour Cut.

All these successes are evidence that both the retail trade and the consumer have been willing to accept new products and that the market situation has encouraged the right opportunity. The general situation should undoubtedly be even more propitious over the next few years.



The increased price competition, leading to greater polarisation among retailers (Tesco and Sainsbury *between them have* a quarter of all grocery sales) has much significance for new products. There is now more need than ever for high volume distinctive products or for smaller volume specialist and high margin products. There is *no room any longer for "me-too"* products which add nothing to a store's turnover.

The big supermarket chains have also directed their attention much more towards non-foods because the latter have more scope than foods for market growth and high margins. This is being made possible by some relaxation in planning permission which is at last allowing Asda to come south, Tesco to build very large stores and Sainsbury to develop Supa-Save jointly with British Home Stores.

One can see consumer goods companies developing their new products with less than a dozen *buyers in mind*—including Boots, W. H. Smith, Woolworth, CWS *and the main supermarket* chains. It is also possible that these trends will lead to more innovative own label products. Marks and Spencer has led the way in this area, but there are a number of markets where the supermarket chains could do *their image a power of good* by providing interesting products under their own name rather than using own label for low price goods only.

Surveys among consumer goods companies show clearly that development activity is increasing; more launches are being planned than in the past few years; there is more interest in acquisitions and joint ventures of all kinds are being pursued. About *half* the large consumer goods companies have a specialist development department, but many others, especially those operating in current markets rather than seeking diversification, have found it preferable to keep new product development *within the responsibility* of the marketing executives also in charge of existing brands.

Companies have at *last* become much more aware of the need for really senior executives in the development role. A recent survey of the staffing in research and development departments of consumer goods companies has shown that in many cases there *is reliance on* very senior people. There has also been a trend to much leaner staffing by companies in this area, because it has been found more practical and cost-effective to have a small number of senior executives within the company using outside specialists of all kinds as a flexible overhead.

Some continue to depend a *great deal on their advertising* agencies, but another survey has clearly confirmed that advertising agencies are not generally regarded as able to make an important contribution until the exact development opportunity has been pin-pointed and evaluated. The large *proportion* of consumer goods companies using specialist development consultancies has been an eye-opener and clearly this kind of service has acquired a niche.

There is no substitute, however, for a motivating force at the top. Case histories of successful companies repeatedly show that the main difference *between them and the less successful* is not that they have better ideas or use better techniques but that top management—often the chief executive himself—is sufficiently involved to preclude any problem about lack of decisions to pursue the *right projects or lack of* commitment in every part of the company.

The other main difference between successful and unsuccessful companies seems to be in the former's much more painstaking approach to implementation. *Many companies continue* to make a complete hash of the best of ideas, whereas a *poor idea in the hands of a very* efficient company can be turned to real success. The gap between the two seems to be widening.

Finally, it has been a constant puzzle why very large and efficient food processors have remained content with the *inadequate returns in food processing* and the attention that food always generates on the part of government agencies. *It* is true that it is more difficult for such companies to diversify into non-food manufacturing or into retailing, but the existence of *considerable resources*, including strong commercial management in many cases, must *make it worthwhile seeking* greener pastures, especially as there are still relatively uncompetitive markets where very unsophisticated companies obtain huge returns on capital.

One or two food processors are beginning to see the light, but there is surely much scope for an increase in this kind of activity, which should be helped *by the supermarket chains'* move towards non-foods. It is also noteworthy that many of the large U.S. food processors have diversified very widely, often with success.

A feature of successful product launches in the past year or so is that heavy media advertising has been used in many cases as it had been up to 1973. Thus *both* Yorkie and Bubble Yum, for example, were supported by about £1m spent on media and many *other products have* received media expenditure of more than £500,000.

Companies are much more hard-headed about advertising expenditure than in the 1960s and early 1970s when virtually no one considered a new product *without simultaneously* pencilling in huge sums for advertising.

In general, though, companies are likely to go back to heavy *advertising* support to establish their brands. They have seen too often what happens in markets which are *allowed* to degenerate into commodity areas dominated by price wars.

An important aspect recently has been the amount of *Government interference. It is surprising* that so little publicity has been given to the way that top management in even large companies has almost ceased to *function because it spends its* time working on submissions to the Monopolies Commission, the Price Commission, the Office of Fair Trading, and so on.

These may all be *worthy* bodies, but they either do not realise or do not care about the havoc they have caused.

To sum up, prospects for *development* of all kinds are more propitious than they have been for some time. There have been some striking successes and the general situation favours *many more* in the future, though no one should underrate the difficulties.

Finding a face to fit the product

BY MICHAEL THOMPSON-NOEL

AWAITING THE ARRIVAL of the snow plough on Tuesday eve, I tuned in to ITV for some innocent entertainment and was at once confronted by the *androgynous charms of Stanley* Baxter, cavorting his way through a new Davidson Pearce commercial for Batchelors' Vesta range of complete dishes.

No doubt Mr. Baxter was selected for his multi-role part after considerable research; no doubt he will work miracles for Vesta's beef biriani and the *rest of the range*.

But the use of celebrities and stars for the promotion of brands is not always successful. Graeme Rowe, chairman of the *advertising agency Rowe and* Partners, a subsidiary of Saatchi and Saatchi, observed last week that in his view, British advertising last year was in part characterised by an amazing over-exposure and mis-use of various personalities, from Kenny Everett *and* Terry Wogan to the motorcycle champion, Barry Sheene.

"The virtues of using a personality for brand endorsement are easily stated," says Mr. Rowe. "A given personality usually has an authority, some*times borrowed from the film* or TV series in which he or she has starred, that can be used to enhance the product. Naturally it works best when the personality of the star and the personality of the product are directly compatible. Sports*men, for example, usually* denote masculinity.

"But there are obvious pitfalls. I cannot help feeling that Kenny Everett, who is exten*sively used for presentations and* voice-overs, is now getting in the way of the products he advertises. The same goes for Terry Wogan, who is already over-exposed on the BBC as an entertainer.

"Perhaps my pet hate of the year on TV was the Ingersoll/Barry Sheene commercial. It was inept, badly produced, irrelevant and featured a '*personality*' who appeared to be dragged into a jeweller's shop, on his motorcycle, for no good reason. I could see no hint of a strategy.

"*An excellent example of the* proper use of personalities was the James Hunt/Eric and Ernie advertisement for Texaco. Henry Cooper is an enchanting individual, but there is a danger that too much use is being made of him. The same applies to *Penelope Keith. She was superb* in the Parker Pen commercials, but may now be in danger of too much exposure."

John Webster, creative direc*tor at Boase Massimi Pollitt* Univas, agrees with Mr. Rowe on the virtues and dangers. "Very often, personalities are used in lieu of a proper idea. The net result can be David Niven with nothing but banalities coming out of his mouth, as in the *Maxwell House* commercials. That is a tragic waste of David Niven.

"Equally, where a commer*cial* is really well-written and *entertaining, it can sometimes* entirely obscure the product. A current example is probably the Two Ronnies' advertisement for British Leyland.

"*Penelope Keith* was *perfect* for Parker Pen and James Hunt was brilliantly right for Texaco. It might not sell any more petrol, but how on earth do you *sell petrol anyway?*"

One of Boase Massimi's most *famous campaigns* that employed celebrities was the Muhammad Ali/Spike Milligan/Frank Muir work for Unigate milk. "We used those three to *give the brand a sense of weight* and impact on a national scale." Did it work? "Devastating!"

Mike Bellgrove, creative director at Euro-Advertising, says the agency very deliberately chose Richard Sullivan for its Solid Fuels Advisory Service work because Sullivan was thought to possess precisely *the qualities of niceness*, cosiness and conviction that go with home comfort. "A celebrity gets you instant attention and recognition. If he then goes on to enhance the brand, you're in business. The Sullivan commercials have sold a lot of coal *appliances*."

On the other hand, Mr. Bellgrove has no idea why Patrick Mower was selected (by another agency) to help sell Baby*cham*. "It *was a fundamental* mistake. Patrick Mower's a tough guy. What has he got to do with Babycham?"

Tom Rayfield, an associate *creative director* at J. Walter Thompson, stresses that agencies *must* ensure that the celebrity *doesn't* bury the product. "Equally, the consumer is quite cynical. Even the C2 housewife is aware that famous people are paid large sums *for* starring in ads. She mustn't form the impression that he's only doing it *for money*."

JWT's two most famous personality campaigns are for Lux toilet soap and Rolex watches. But it has also used Vincent Price to help push Haywards Pickles to brand leadership. And in the case of Mr. Kipling, it actually *invented its own celebrity* to help sell Manor Bakeries' line of packaged cakes. Mr. Kipling has worked exceedingly hard, so much so that the brand now has 30 per cent of its sector and retail sales *of* £50m-plus.

Where that leaves Barry Sheene, to say nothing of the cast of thousands seen recently in the Woolworth Christmas commercials. I dare not guess.

Saucy maid: Stanley Baxter stars in a £400,000 Davidson Pearce TV campaign *for two* new recipes in Batchelors' £14m Vesta range.

Holiday market warming up

THE BATTLE for what is *expected to be a bumper* 1979 holiday market is hotting up. Butlin's for example, is halfway through an £850,000 Press and TV campaign via Manton Woodyer Ketley. Two new 30-second commercials feature the *successful Venusian characters*, Toot and Ploot, this time joined by a younger member of the family, Hoot. The Press work has already included one of the first colour page ads to appear in the Daily Star.

Bookings this year are already ahead of the level seen at the same time last year. In 1978, Toot and Ploot helped Butlin's excell in what had been expected to be a depressed year for domestic holidays. First-*time guests at Butlin centres* were up by 19 per cent; overall business was ahead by 7 per cent.

● DIRECT ADVERTISING, a subsidiary of Boase Massimi, has been appointed by Lex Vehicle Leasing. The anticipated spend: £100,000.

● BROOKE BOND OXO launches a £500,000 TV campaign for Dividend D tea bags on Monday. The brand claims 5 per cent of the tea bag sector.

● ALTHOUGH the main British-grown credit card companies have been operating for a considerable time, forecasts of a cashless society are in no way materialising, says Mintel, *the market research company*, in its latest report. Allowing for duplication, total UK credit card ownership is put at around 6.6m. A sector with large growth potential is said to be company cards: Access has already issued 25,000, and Barclaycard more than 32,000 to some 5,000 companies. The average credit card transaction remains small: between £12 and £25.

LOMBARD

Converging on the EMS

BY PETER RIDDELL

THE SUPPORTERS of the new European Monetary System have had a hard time in the past two or three weeks and there has been more than a little gloating and self-satisfaction in London about the interminable birth-pangs. But, whenever the EMS finally starts, the test of its long-term durability and success will be nothing to do with the current row over farm subsidies but will depend on a convergence of inflation rates at as low a level as possible.

This topic was recently discussed in detail by the Economic and Financial Directorate of the EEC Commission in the first issue of what looks like being a useful new publication entitled "European Economy." Ironically, the report provides little comfort for the advocates of EMS and some further, though not decisive, support for the sceptics.

More closely

The starting point is the view that "both economic policies and performance must converge more closely if the EEC is to make progress towards economic and monetary integration, and in particular to introduce a successful EMS in the near future." The basic condition is a narrowing of inflation differentials.

No EEC country had an average inflation rate from 1958 to 1967 which was substantially different—more than 2½ percentage points—from the Community average. Only one country was out of time between 1968 and 1973, but in 1974 there were six countries and no less than seven between 1975 and 1977. There were still four countries with substantially different rates last year.

But this may not be the best guide since the core of the exchange rate mechanism—the parity grid—depends not on relationships with an average but of each currency with every other one. This involves keeping up with the best performers. The most suitable yardstick here may be the inflation rate in what the report coyly calls the most stable member state, or West Germany as it is perhaps more commonly known.

On this basis average inflation rates from 1958 to 1973 were nowhere substantially divergent—more than 5 percentage points apart—from the average rate of the country where prices were most stable (West Germany from the mid-1960s onwards). In 1974 six countries had inflation rates substantially divergent from that of the most stable state, but by 1978 the number had fallen to three (Denmark, France and Italy).

Two-fold

The EEC report does not forecast inflation rates but the recent OECD Economic Outlook suggests that there may only be limited further convergence this year. The average rate of consumer price inflation is expected to slacken from 7½ to 6¾ per cent between 1978 and 1979. But the highest rate, in Italy, is only expected to come down from 12 to 10¾ per cent between the two years and virtually no change is expected in the West German rate at around 2¾ per cent. This makes Italy's preference for a wider 6 per cent margin with other currencies easy to appreciate.

The EEC review also discusses differences in income and output between the countries and outlines a two-fold measure of convergence combining inflation and growth rates. The overall picture shows an appreciable recovery since the rapid deterioration of the early 1970s, but a distinctly less favourable overall position in 1978 than a decade ago.

None of this is, of course, conclusive and there are plenty of other pressures on exchange rates, notably relative monetary growth and short-term capital flows. Moreover, the immediate fate of EMS may depend more on the dollar than on anything else. But the limited degree of convergence of inflation rates provides a useful proxy for the long-term pressures pushing apart any structure of closely-linked currencies. So if the governments of Europe really want to make EMS a lasting success, they will quickly have to produce monetary and fiscal policies which are consistent with convergent inflation rates.

"European Economy." No. 1, Commission of the European Communities, price £16.00 for three issues per year.

Employment agencies and the Community

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE FREEDOM of anyone properly established in an EEC country to provide services *throughout* the Community, might be greatly enhanced by two law cases, (nos. 110/78 and 111/78,) now being considered by the European Court.

That would be so particularly if the Court adopted the opinion of Mr. Advocate General Jean-Pierre Warner. He has argued that the main question raised by these cases concerns an important principle of the EEC Treaty on "cross-border" services. According to this such services may be restricted only if their providers would otherwise escape from the application of professional rules (justified by the general good) applying to practitioners in the country where the services are to be rendered.

The European Court held in Van Binsbergen (Case 36/74) that this principle was implied in the Treaty. In the same judgment the court ruled that the guarantee of freedom to provide "cross-border" services contained in Article 59 of the Treaty became directly effective with the end of the EEC transitional period. Consequently the directives envisaged in Article 69 lost some of their importance and retained only an auxiliary function, particularly in respect of mutual recognition of professional qualifications.

The two cases now at issue were referred to the court from Belgium and spring from an old feud between French and Belgian theatrical and artistic employment agencies. As these agencies appear to be outside the provisions of the EEC directive on estate agents and other business services (67/34), the court's decision is likely to concern, by implication, other categories excluded from the benefits of this directive, for example journalists, economic, business and employment consultants, and debt collectors.

The ruling proposed by Mr. Warner goes a long way towards the Commission's view. With the exception of certain categories, such as transport, banking and insurance, which are subject to special rules, it would allow all those firms and individuals established in one EEC country to provide services in another country, provided that the two countries have equivalent legal safeguards for users, and also provided those cross-border services form only a part and not the mainstay of their activities.

More specifically, Mr. Warner proposed—

"Since the end of the transitional period, Articles 59 to 66 of the Treaty have rendered it unlawful for a Member State to impose any restriction on the freedom to provide services in its territory of a private employment agency for persons in the entertainment industry established in another Member State and duly licensed to conduct business there, if the legislation under which it is so licenced affords to persons, resorting to the agency, safeguards substantially similar to those afforded, in the case of an agency licensed in the former Member State, by the legislation of that State."

The two particular cases before the court also provide a wealth of information about the specific problems of employment agencies in EEC countries. Most of the Continental members of the Community are hostile to, or at least suspicious of, private employment agencies operating for profit. All of them, with the exception of Denmark, have ratified the The Fee-Charging Employment Agencies Convention (revised) 1949, also known as Convention No. 96 of the International Labour Organisation. This convention, which the UK has not ratified, gives the signatories the choice between either a progressive abolition of fee-charging employment agencies seeking profit or their regulation by a "competent authority."

In fact, with the exception of Northern Ireland, the EEC countries including Denmark and Great Britain have legislation providing for the licensing of private employment agencies and affording substantially similar safeguards to those who use them. There is, for example, virtually no difference between the relevant legislation in Belgium and France—both follow the ILO Convention very closely. They regulate the profit-seeking agencies and impose on them a number of rather onerous bureaucratic requirements.

Those inclined to believe that bureaucratic interference is not good for business might have second thoughts upon studying the Belgian experience. Restrictive Belgian regulations on the operations of employment agencies, and the price-fixing instincts which are second nature to Benelux trade associations enabled the employment agencies to charge a 25 per cent fee on contracts arranged with entertainers and other artists. In France the fee charged by such agencies is only 10 per cent and as both countries are to a large extent French-speaking this difference between charges became a great temptation for organisers of Belgian festivities. It became also a source of great vexation to the Belgian Union of Artists' Agents and Impresarios which objects to business going across the frontier to the cheaper French agencies. The Belgian organisation became embroiled in a dispute with the French Union of Artists' Agents which defended the right of its members to receive commissions from Belgium.

One of the two cases before the court involves a Belgian cafe manager and the other a Belgian restaurateur. They both engaged French entertainers through French employment agencies and together with the managers of the French employment agencies are now being prosecuted in Belgium. This is no small matter, for Article 27 of the Belgian Royal Decree of November 28, 1975, provides for the punishment by imprisonment from eight days to one year or a fine of between BFr 100 and 5,000 for any person who resorts to an unlicensed, fee-charging employment agency and of any person operating a foreign employment agency who places anyone in employment in Belgium.

The defendants in these prosecutions made much of the fact that the French employment agencies involved were duly licensed under French legislation which follows closely ILO Convention No. 96 in the same way as does the Belgian legislation. This argument was also adopted by the EEC Commission which submitted to the Court that where in both states the relevant rules drew their inspiration directly from the same international convention, it should be taken for granted that they are equivalent as far as the organisation, ethics, supervision and liability of those practising the service are concerned.

Mr. Warner, however, could think of no legal principle which enabled the convention to perform a role in community law. On this it is possible to disagree with him as the ILO convention was ratified by most Member States and the Court has to pay attention to the law of member States. He has, however, another good reason for rejecting the importance of the convention, finding it so vague that its interpretation can differ widely from one state to another—so much that the Netherlands which adheres to it has no adequate legislation on employment agencies and still less anything approaching the French and Belgian requirements. To adopt the Commission's suggestion would mean discriminating between agencies in different Member States on the basis of an irrelevant criterion concluded Mr. Warner—a conclusion which will no doubt be pleasing to the British employment agencies.

William III—the unpopular king

With racing still abandoned because of the weather DOMINIC WIGAN, in this third article, continues his history of the "sport of kings."

IN CONTRAST to James II, who took little interest in racing and breeding, William III at once became involved in both aspects of the sport and, in fact, may have founded the Royal stud of Hampton Court.

William, who was not generally liked at the best of times by the followers of his new-found English pastime, made himself particularly unpopular at Newmarket by insisting on the enforcement of an Act ordering the seizure of any Catholic-owned horses valued at more than £5.

This was a severe hindrance to racing, and led to many families giving up ownership or running the danger of racing under assumed names.

Perhaps the most memorable victory enjoyed by any of William's horses was when one beat a horse called Careless, who had been considered invincible. The purse for the match in which they met was £500, and it is recorded that the king's horse "carried a featherweight, while Careless bore nine stone."

A year after this success for William, a strange epidemic struck bloodstock throughout England and, apart from the few horses that did not succumb, those that did recover were of little use for racing afterwards. Eventually, the "bug" reached Newmarket but, to general amazement, the racehorses were for the most part apparently immune.

In Queen Anne the country had another sovereign with a strong attachment to racing, and she is probably best remembered on the turf for the race-course that owes its origin to her, Ascot.

It was in the spring of 1711 that Queen Anne, while travelling near Windsor Castle, came upon a stretch of heathland and decided it was ideal for racing.

Later in that year, an announcement in the London Gazette stated that Her Majesty's Plate of 100 Guineas would be run for "round the new heat at Ascot Common on Tuesday, August 7th next, by any horse, mare or gelding, being no more than six years old the grass before."

Queen Anne employed the legendary William Tregonwell Frampton as her trainer, a man who had not only trained for King William, but who was later to handle the horses of both George I and George II. In the informative book Royal Newmarket, R. C. Lyle tells us that some of Queen Anne's horses ran in Frampton's name, while others ran in her own colours.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.55 am Paddington. 10.00 Jackanory. 10.15 Scooby Doo. *10.35 The Cossack's Horse.* †11.00 Buck Rogers. 11.20 "Carson City" starring Randolph Scott. 12.45 pm News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 Tennis: The Braniff Airways World Doubles Championship. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Don and Pete. 4.25 Jackanory. 4.40 The Space Sentinels. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Ludwig.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.45 Tomorrow's World
7.10 Top of the Pops
7.40 Elvis: Elvis Presley in TV special
8.30 Galton and Speight's Tea Ladies
9.00 News
9.25 Tennis: Braniff Airways World Doubles Championship
10.45 Tonight
11.25 Weather/Regional News

All Regions as BBC-1 except at the following times:

WALES—5.55-6.20 pm Wales Today. 6.45-7.10 Heddiw. 11.25 News and weather for Wales.

SCOTLAND—2.00-2.50 pm Race to the North. 2.50 Join BBC-1 (Tennis). 5.55-6.20 Reporting Scotland. 10.45 The Donkey that Walked into History: R. L. Stevenson's Journey Through Europe in 1878. 11.35 News and Weather for Scotland.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.25 News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School
3.50 pm Tennis: Braniff Airways World Doubles Championship
5.10 Open University
5.35 *News on 2 Headlines with subtitles*
†5.40 Charlie Chaplin in "The Adventurer"
6.10 Mathematics into Pictures
7.10 When the Boat Comes In
8.00 Mid-Evening News
8.05 Manimals (*Film set in New York*)
8.30 Midweek Cinema: "Elvira Madigan"
9.55 Boat Show 79, from Earl's Court
10.40 In a Country Churchyard
11.10 Late News
11.25 The Late Story: "Gabriel-Ernest" by Saki

LONDON

9.20 am The Wanderer Butterfly. 9.50 Dynomutt. 10.15 Westside Medical. 11.05 Nobody's House. 11.30 Westway. 12.00 *Little Blue. 12.10 pm Stepping Stones.* 12.30 The Practice. 1.00 News plus FT Index. 1.20 Thames News. *1.30 Crown Court.* 2.00 Money-Go-Round. 2.25 Disappearing World. 3.20 Parents Day. 3.50 Looks Familiar. 4.20 Little House on the Prairie. 5.15 Mr. and Mrs.

5.45 News
6.00 Thames at Six
6.35 Crossroads
7.00 Wish You Were Here
7.30 "*Carry on Henry*" starring Sidney James and Sims.
9.00 News
9.30 "Macbeth" The Royal Shakespeare Company in Trevor Nunn's production starring Ian McKellen *and Judi Dench*
12.00 Rafferty
12.55 am Close: Michael Burrell reads from the Diary of Nijinsky

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Manfred. 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 Air Fete '78. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm About Britain. 1.25 Anglia News. 4.20 The Next Week *Show. 4.45 Mork and Mindy.* 6.00 About Anglia. 6.20 Arena. 7.00 Survival. 11.30 Fireside Theatre. 12.25 am The Living Word.

ATV

9.40 am The Adventures of Pinocchio. 10.00 Angling Today. 10.30 Darts: Ladbroke British Matchplay Championship. 10.50 Lord Tramp. 11.15 Animated Classics. 12.30 pm Ghost Busters. 1.20 ATV Newsdesk. 4.20 Little Vic. 4.45 Island of Adventure. 6.00 ATV Today. 7.00 The Best of Bernie.

BORDER

9.30 am *Cartoon Time.* 9.45 *Wilkie on Water.* 10.10 Take a Bow. 10.35 Air Fete '78. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Dough-*Nut.* 12.30 pm *Lifestyle.* 1.20 Border News. 5.15 Laverne and Shirley. 6.00 Lookaround Thursday. 7.00 Best of Bernie. 12.00 George Hamilton IV. 12.25 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Donna Summer's Disco Party. 6.00 Channel News. 6.10 TBA. 7.00 Survival. 12.00 Barnaby Jones. 12.55 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 The Herbs. 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 Air Fete '78. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Grampian News Headlines. 5.20 Dynomutt—The Dog Wonder. 6.00 Grampian Today. 7.00 *Police Newsroom.* 7.05 Happy Days. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

9.30 am Thursday Matinee: "Robinson Crusoe and the Tiger." 11.05 History Around You. 11.20 Nobody's House. 11.45 *A Handful of Songs.* 12.30 pm George Hamilton IV. 1.20 This Is Your Right. 4.20 The Life and Times of Grizzly Adams. 5.10 Max, The 2,000-Year-Old Mouse. 5.15 Crossroads. 6.00 *Granada Reports.* 6.30 Mork and Mindy. 12.00 The New Avengers.

HTV

9.20 *am Beachcombers. 9.50 Wilkie on Water.* 10.15 Take a Bow. 10.40 Air Fete '78. 11.20 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Stars on Ice. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Sports Arena. 7.00 Lingalongamax. 12.00 One of Those Things We Do Awfully Well.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20 Seren Wib. 4.45 Raven. 5.15-5.20 Cartoontime. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15 Sport West. 6.30-7.00 *Bristol to Bond Street.*

SCOTTISH

9.25 am The Adventurous World of Sir Edmund Hillary. 9.55 Songs of Scotland. 10.15 Take a Bow. 10.35 Air Fete '78. 11.15 Lord Tramp Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm The Nature of Things—The Water's Edge. 1.25 pm News and Road and Weather. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today—John *Toye. 6.30 Garnock Way.* 7.00 STV Comedy Playhouse. 12.00 Late Call.

SOUTHERN

9.30 am *Cartoon Time.* 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 Air Fete '78. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Dough-*nut. 1.20 pm Southern News.* 4.20 Lassie. 4.45 Beachcombers. 5.15 Melotoons. 5.20 Crossroads. 6.00 Day by Day. 6.30 Survival Special. 12.00 Southern News Extra. 12.10 am What the Papers Say.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 9.30 Wonderwheels. 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 Air Fete '78. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Lifestyle. 1.20 North East News and Lookaround. 4.20 Run Joe Run. 4.45 The Little House on the Prairie. 6.00 Northern Life. 7.00 Survival. 12.00 Side Street. 12.30 am Epilogue.

ULSTER

9.45 am Wilkie on Water. 10.10 Take a Bow. 10.35 Air Fete '78. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Life *Style.* 1.20 *Lunchtime.* 4.18 *Ulster News* Headlines. 4.20 The Life and Times of Grizzly Adams. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Happy Days. 12.00 Bedtime.

WESTWARD

9.20 *am The Rolf Harris Show.* 9.45 Wilkie on Water. 10.10 Take a Bow. 10.35 Air Fete '78. 11.10 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar *Doughnut.* 12.27 pm Gus Honeybun's Birthdays. 12.30 Dynomutt the Dog Wonder. 1.20 Westward News Headlines. 5.15 Donna Summer's Disco Party. 6.00 Westward Diary. 7.00 Survival. 9.28 Westward Late News. 12.00 Faith for Life. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Friends of Man. 10.00 Oscar. 10.15 Five Weeks in a Balloon. 11.10 Record Makers. 12.30 *pm Lifestyle.* 1.20 Calendar News. 4.20 Dynomutt. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions) 7.00 Survival.

BBC Radio New Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Peter Powell. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.00 *Andy Peebles* 5.30 Newsbeat. 5.45 Kid Jensen. 7.30 As Radio 2. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allen including 6.15 Pause for Thought (S). 7.32 Terry Wogan including 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House including 1.45 Sports Desk (S). 2.30 David Hamilton including 2.45 and 3.45 Sports Desk (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Star Sound Extra with Robert Powell. 11.02 *Tennis: World Championship Doubles (report).* 11.04 Brian Matthew presents Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

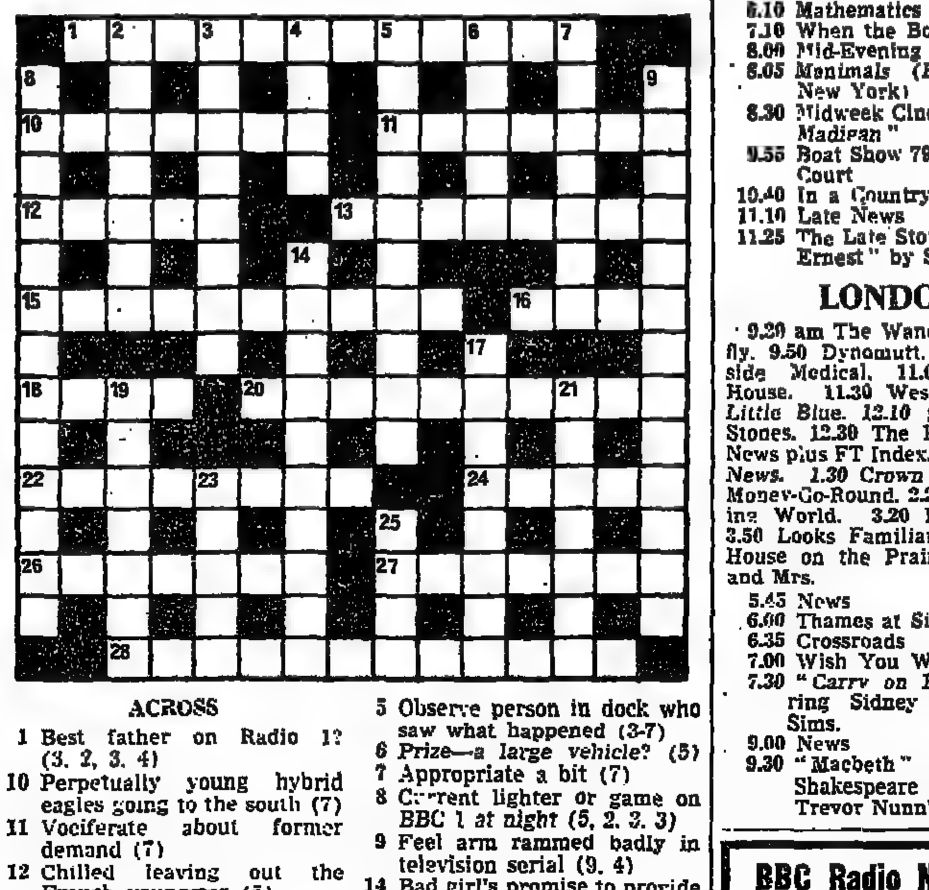
RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer. Schumann (S). 10.00 Holiday Special (S). 10.20 The King's Singers, part 1 (S). 10.55 In Short (talk). 11.05 The King's Singers, part 2 (S). 11.40 Prague Spring Festival 1978 Concert, part 1: Kvapil (S). 12.25 pm Interval Reading. 12.30 Concert, part 2: Janacek. 1.00 News. 1.05 Violin and Piano recital, part 1: Beethoven, Grieg (S). 1.55 Words . . . (talk). 2.00 Violin and Piano, part 2: Delius, Wieniawski, Szymanowski (S). 2.50 BBC Northern Symphony Orchestra (S). 4.05 Stomp It On Down. 4.35 Harmoniemusik for 18th-century wind band (S). 4.55 The Two Fiddlers by Peter Maxwell Davies. Opera for children on record (S) 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Concert: Liszt, Elgar (S). 7.30 *Drama Now: "How an Honourable Shopkeeper . . ." by Oddur Bjornsson* (S). 8.40 Islam in the Modern World: Turkey. 9.45 Martha Argerich piano recital (S). 10.35 Silence by Ivor Cutler. 10.55 The *Trio-Sonata* (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Granny's Village 9.00 News. 9.05 Mid-week with Desmond Wilcox. 10.00 News. 10.05 I Never Knew the World Was So Beautiful. Sheila Hocken talks about the impact of sight. 10.30 Daily Service. 10.45 Morning Story 11.00 The Sublime Elysium: "Kaleidoscope" visits Castle Howard, Yorkshire. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The 27-Year Itch (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Parliament in Profile. 3.35 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Quote . . . Unquote (S). *7.00 News. 7.05 The Archers.* 7.20 Time for Verse. 7.30 City of Birmingham Symphony Orchestra, Part 1: Wagner, Beethoven (S). 8.25 The Importance of Being Irish. *8.45 CBSO, Part 2:* Brahms (S). 9.45 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 *The Financial World* Tonight. 11.30 Unforgettables. 12.00 News.

F.T. CROSSWORD PUZZLE No. 3,862



ACROSS

1 Best father on Radio 1? (3, 2, 3, 4)
10 Perpetually young hybrid eagles going to the south (7)
11 Vociferate about former demand (7)
12 Chilled leaving out the French youngster (5)
13 Gas to plunder and the weapon for it? (3-5)
15 Nervous as a piano may be (10)
16 Corner Pole in plot . . . (4)
18 . . . and drag Pole to northern community (4)
20 Rear a bird after the end of March and complain noisily (5, 1, 4)
22 Espy pile to be mixed to make fit (8)
24 Ledge she left with fear initially (5)
26 Brisk movement from everybody with ego about right (7)
27 Communist taking two gases and ginger (3, 4)
28 Unusual words for plot on ITV? (5, 2, 5)

DOWN

2 Ancient, once? (3-4)
3 Too much of a good thing could be fatal (8)
4 Duty that teamleader goes to question (4)
5 Observe person in dock who saw what happened (3-7)
6 Prize—a large vehicle? (5)
7 Appropriate a bit (7)
8 Current lighter or game on BBC 1 at night (5, 2, 3, 3)
9 Feel arm rammed badly in television serial (9, 4)
14 Bad girl's promise to provide a weapon (10)
17 Had nothing to do with and neglected opportunity (6, 2)
19 Oriental leaves white owl in confusion and sore on finger (7)
21 Begin melody outside (4-3)
23 Keen to be a bore it's said (5)
25 Count airmen following groupleader (4)

Solution to Puzzle No. 3861

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA Winners 1978 SWET Award. Outstanding Achievement in Opera Tonight 7.30 The Adventures of Mr. Broucek. Tomor. & Wed. next 7.30 Tosca. Sat. 7.00 Der Rosenkavalier (last perf.). Tues. next 7.00 Jonathan Millers' prod. The Marriage of Figaro "Sung extremely well by a strong cast." Ev. Std. 104 balcony seats avail. for all perfs. from 10.00 on day of perf.

COVENT GARDEN. CC. 240 1066. Gardencharge Credit Cards 836 6903. THE ROYAL BALLET Ton't 7.30, Sat. 3.00 La Fille mal gardee. Tue. & Wed. 7.30 Manon. THE ROYAL OPERA Tomor. & Mon. 8.00 Salome. Sat. 7.30 Un ballo in maschera (Kenny replaces Burrowes, Sardinero replaces Wixell). 65 Amphi seats avail. for all perfs. from 10 am on day of perf. THE TWO FIDDLERS Children's Opera by Peter Maxwell Davies. Family entertainment for 5 year olds upwards. Until Sat. Jeannetta Cochrane Theatre. Daily 2.30 & 5 pm. Tkts. £1.50 from Royal Opera House or 11 am-8 pm at Jeannetta Cochrane Theatre 242 7040.

ROYAL FESTIVAL HALL. 928 3191. Today, tomor. & Sat. daily 3 & 7.30. Jan. 8 to 13 Evgs. 7.30. Mat. Sat. 3. LONDON FESTIVAL BALLET in THE NUTCRACKER. Today. Mat.: Loeber, Jolley, Hayworth. Tonight: Belfiore, Werner, Hayworth.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Until Feb. 24 D'OYLY CARTE in GILBERT & SULLIVAN Evgs. 7.30. Mats. Sats. 2.30. Till Sat. THE MIKADO. Jan. 8 to 10 PATIENCE.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. Evenings at 7.30. Mats. Thursday 3.00. Saturdays 4.00. An enchanting New musical AVONAR THE RAINBOW "HERE IS A HAPPY FAMILY SHOW." The Times. "BOUND TO RUN FOR EVER." Evening News. "SUNNY, TUNEFUL AND SPECTACULAR." Daily Telegraph. Credit Card bookings 01-836 7611.

ALBERY from 8.30 am. 836 3878. CC. Bkgs. 836 1071-3. Party rates. Evs. 7.45. Thu. Sat. & Tue. mat. 4.30. 8. A THOUSAND TIMES WELCOME IS LIONEL BART'S "MIRACULOUS MUSICAL." Fin. Times. OLIVER with ROY HUDD GILLIAN BURNS, MARGARET BURTON

ALDWYCH. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Ton't. Mon. Tues. 7.30 Bronson Howard's comedy SARATOGA. "One of the RSC's Golden Nights" D.Tel. With: AS YOU LIKE IT (tomor. & Sat. m&e Wed.) RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.00. Tues. 2.45. Sat. 5.00, 8.00. JAMES BOLAM "A superb performance." FT. GERALD FLOOD in A NEW THRILLER WHO KILLED AGATHA CHRISTIE . . . ?

APOLLO. CC. 01-437 2663. Evs. 8.00. Mats. Thurs. 3.00. Sat. 5.00 and 8.00. PAUL DANEMAN, LANA MORRIS DENNIS RAMSDEN CARMEL McSHARRY SHUT YOUR EYES AND THINK OF ENGLAND 2nd WICKEDLY FUNNY YEAR. "Very, very funny, great entertainment." NoW.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN "Hilarious . . . see it." Sunday Times. Monday to Thursday 8.30. Friday and Saturdays 7.00 and 9.15.

ASTORIA THEATRE. CC. Charing Cross Road. 734 4291-439 8031. Mon.-Thurs. 8 pm. Fri. and Sat. 6.00 and 8.45. ELVIS BEST MUSICAL OF THE YEAR. EVENING STANDARD AWARD SECOND GREAT YEAR. Group bookings 01-437 3856.

CAMBRIDGE. CC. 01-836 6056. Evgs. 8.00. Mats. Thurs. and Sat. 3.00. TROUBADOUR A new musical starring KIM BRADEN, JOHN WATTS The best British Production of a musical since "Camelot." Brenda Marshall, Capital Radio. CREDIT CARDS WELCOME

COLLEGIATE. CC. 01-388 5056. International stars in great family show. THE MAGIC CIRCLE SHOW Jan. 1-6. 3.00 and 7.30. Book Now.

COMEDY. CC. 01-930 2578. Evs. 8.00. Thur. 3.00 and 8.00. Sat. 5.15 and 8.30. Must end Jan. 13. The Delectable BRITT EKLAND JULIAN HOLLOWAY in a sizzling new comedy BEDROOM FARCE

CRITERION. From 8.30 am. 930 3216. CC bkgs. 836 1071. Evs. Mon. to Thur. 8. Fri. and Sat. 5.45 and 8.30. "THE MOST HILARIOUS PLAY FOR YEARS." Financial Times. GLOO JOO by Michael Hastings. "Comic delirium as stroke after stroke of chutzpa demolishes British Officialdom. BLISSFULLY FUNNY." Times.

DRURY LANE. CC. 01-836 8108. Mon. to Sat. 8.00. Mats. Wed. and Sat. 3.00. A CHORUS LINE "A rare, devastating, joyous, astonishing stunner." S. Times. 3rd GREAT YEAR.

DUCHESS. 836 8243. Mon. to Thurs. Evenings 8.00. Fri. Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Tel. Ninth sensational year.

DUKE OF YORK'S. CC. 01-836 5122. Evenings 8 pm. Fri. and Sat. 5.30, 8.30. TOM COURTENAY FELICITY KENDALL CLOUDS "IS BLISS." Observer. "MICHAEL FRAYN'S FUNNIEST PLAY." Daily Telegraph.

FORTUNE. 836 2238. Evs. 8. Thurs. 3. Saturday 5.00 and 8.00. Muriel Pavlow as MISS MARPLE. MURDER AT THE VICARAGE FOURTH GREAT YEAR.

GARRICK. CC. 01-836 4601. Evs. 8.00. (sharp) Wed. 3.00. Sat. 5.30 and 8.30. DENIS QUILLEY in IRA LEVIN'S New Thriller DEATHTRAP "THREE CHEERS FOR TWO HOURS OF MARVELLOUS ENTERTAINMENT." S.Tel. "VERY INGENIOUS, VERY FUNNY, VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Evs. 8.15. Wed. 3.00. Sat. 6.00, 8.40. PAUL EDDINGTON, JULIA McKENZIE BENJAMIN WHITROW Alan Ayckbourn's new comedy TEN TIMES TABLE "This must be the happiest laughter maker in London." D.Tel. "An irresistibly enjoyable evening." Sunday Times.

GREENWICH THEATRE. CC. 01-858 7755. Evs. 8.00. Mats. Sats. 3.00 SEE HOW THEY RUN. A farce by Philip King. "An evening of unadulterated laughter." F.T. From Jan. 10 DAD by Hugh Leonard. EXTRA FOR KIDS. Toni Arthur (Play Away), Geoffrey Hayes (Geoff of Rainbow) in CHRISTMAS PLAYTIME. Until Sat. 2.15 and 4.30. Saturdays 11.00 and 2.15.

HAYMARKET. 01-930 9832-9833. Evgs. 8.00. Wed. 2.30. Sat. 4.30, 8.00. PENELOPE KEITH NIGEL HAWTHORNE CHARLES KAY ANGHARAD REES and IAN OGILVY in THE MILLIONAIRESS by BERNARD SHAW.

HER MAJESTY'S. CC. 01-930 6606. Evenings 7.30. Mat. Sat. at 3.00. THE NEW MUSICAL BARMITZVAH BOY "This stunning production uniquely enjoyable." Fin. Times. "The funniest musical around bar none." S. Mirror. SEASON ENDS SATURDAY.

KINGS ROAD THEATRE. 01-352 7488. From Dec. 18. Daily Mon. to Thurs. 9.00. Fri. and Sat. 7.30 and 9.30. THE ROCKY HORROR SHOW DON'T DREAM IT. SEE IT.

LYRIC THEATRE. CC. 01-437 3686. Evs. 8.00. Thurs. 3.00. Sat. 5.00, 8.30. JOAN PLOWRIGHT FRANK FINLAY FILUMENA by Eduardo de Filippo Directed by FRANCO ZEFFIRELLI Society of West End Theatre Awards. ACTRESS OF THE YEAR COMEDY OF THE YEAR "TOTAL TRIUMPH." E. News. "AN EVENT TO TREASURE." D. Mir. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAY FAIR THEATRE. 01-493 2031. Until Sat. Daily 10.30, 2.00 and 4.00. SOOTY'S CHRISTMAS SHOW

MAY FAIR. 629 3036 (Green Pk. Tube). Evs. 8.00. Wed. Mat. 3.00. Fri. Sat. 6.15, 8.45. WELSH NATIONAL CO. in UNDER MILK WOOD Dylan Thomas's comic masterpiece. Season must end Feb. 3.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Today 2.45 (low price mat.), Tonight 7.30 THE DOUBLE DEALER by Congreve. Tomor. 7.30 Strife. LYTTELTON (proscenium stage): Tonight & Tomorrow 7.45 BETRAYAL new play by Pinter. COTTESLOE (small auditorium): Tonight 8 HEROD new play by Paul Mills, music by Harrison Birtwistle and Dominic Muldowney. Tomorrow 8 Has Washington Legs? Many excellent cheap seats all 3 theatres day of perf. Car Park. Restaurant 928 2033. Credit card bookings 928 3052.

OLD VIC. CC. 01-928 7616. Back again for a special Christmas Season. Until January 13 MATS. ONLY. Dly. at 2.00. Extra perfs. Sat. & Jan. 13 at 5. Also Jan. 12 at 10.30 am THE GINGERBREAD MAN "A triumph . . . worth travelling miles to see." BBC Radio.

OPEN SPACE. Tues.-Sun. 8. (387 6969) BRECHT'S RESPECTABLE WEDDING "Sheer delight." Gdn. "Fascinating and thoroughly entertaining." F.T. EXTENDED TO JAN. 21.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8. Fri. and Sat. 6.00, 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber.

PALLADIUM. CC. 01-437 7373. Twice daily 2.45 and 7.30. DANNY LA RUE as "Merry" Widow Twankie in ALADDIN ALFRED MARKS as ABANAZAR Dilys WATLING, Brian MARSHALL and WAYNE SLEEP. "One of the best dressed and funniest pantos to be staged at the Palladium for years." D. Mirror. "The belly laughs come almost non-stop." S. People.

PICCADILLY. From 8.30 am. 437 4506. Credit card bkgs. 836 1071. Mon.-Fri. at 8.00. Sat. 5.15 and 8.15. A NIGHT WITH DAME EDNA and a handful of cobbers. Starring the increasingly popular BARRY HUMPHRIES BOOK NOW 12-WEEK SEASON

PICCADILLY from 8.30 am. 437 8503-836 3962. Credit card bookings 836 1071. Richard Goolden, Ian Talbot in TOAD OF TOAD HALL Daily 2 pm. Sats. 11 am and 2 pm.

PRINCE EDWARD. CC. 01-437 6877. Evenings 8.00. Mats. Thurs., Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES. 01-930 8681. Credit card bookings 930 0846. Mon. to Thur. 8.00. Fri. and Sat. 5.30 and 8.45. ALAN AYCKBOURN'S smash-hit comedy BEDROOM FARCE "If you don't laugh, sue me." D. Exp. A National Theatre production.

QUEEN'S. Credit Cards. 01-734 1166. Evenings 8.0. Sat. 5.00. GEORGE CHAKIRIS, ROY DOTRICE, RICHARD VERNON, JAMES VILLIERS THE PASSION OF DRACULA "DAZZLING." E.Stan. "MOST SCENICALLY SPECTACULAR SHOW IN TOWN." Punch. "THEATRE AT ITS MOST MAGICAL." Times Lit. Sup. MUST END SATURDAY.

PHOENIX THEATRE. CC. 01-836 2294. Evs. 8.00. Wed. 3.00. Sat. 5.00 and 8.30. DIANA RIGG, JOHN THAW NIGHT AND DAY A New Play by TOM STOPPARD Directed by PETER WOOD

RAYMOND REVUEBAR. CC. 01-734 1593. At 7.00, 9.00, 11.00 pm. Open Sun. PAUL RAYMOND presents THE FESTIVAL OF EROTICA Fully air-conditioned 21st SENSATIONAL YEAR

ROYAL COURT. 730 1745. Prevs. Mon. & Tues. at 8.00. Opens Jan. 10 at 7.00 MARY BARNES by David Edgar.

ROYALTY. CC. 01-405 8004. Monday-Thursday evenings 8.00. Friday 5.30 and 8.45. Sats. 3.00 and 8.00. BUBBLING BROWN SUGAR Best Musical of 1977. Book by telephone for the entire family. Easy parking.

SAVOY THEATRE. 01-836 8888. Credit Cards. 01-734 4772. TOM CONTI ACTOR OF THE YEAR. West End Theatre Awards in PLAY OF THE YEAR WHOSE LIFE IS IT ANYWAY by Brian Clark. "A momentous play. I urge you to see it." Gdn. Evenings 8.00. Mats. Wed. 3.00. Sats. 5.45 and 8.45.

SHAFTESBURY. CC. 836 6596-7. 836 4255. Until Jan. 13. JANE ASHER, NIGEL PATRICK in PETER PAN Daily 2 and 6.45. Prices £5, £4, £3, £2. Reduced prices tonight. Jan. 8, 9, 10, 11 and 12.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH LONDON'S BIGGEST LAUGH OVER 3,000 PERFORMANCES

ST. MARTIN'S. CC. 01-836 1443. Evgs. 8.00. Matinees Tues. 2.45. Sats. 5.00 and 8.00. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST EVER RUN 27th YEAR

TALK OF THE TOWN. CC. 01-734 5051. Air-conditioned. From 8.00. Dining Dancing 9.30. SUPER REVUE RAZZLE DAZZLE at 11 FRANKIE VAUGHAN From Mon. PATTI BOULAYE

THEATRE UPSTAIRS. 730 2554. From Mon. Evs. 7.30. CVI Theatre Co. in ANCHORMAN by Ron Hutchinson.

VAUDEVILLE. CC. 01-836 9988. Ev. 8.00. Wed. mat. 2.45. Sat. 5.00, 8.00. PATRICK GARLAND'S adaptation of THOMAS HARDY'S UNDER THE GREENWOOD TREE "NOT SINCE WILD OATS HAS A PRODUCTION BRIMMED WITH SO MUCH GAIETY AND GOOD HUMOUR." Sun. Times. "DELIGHTFULLY RICH AND REWARDING." D. Mirror. "Affectionate and funny." Gdn.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evs. 7.30. Mats. Wed. and Sat. 2.45. STRATFORD JOHNS SHEILA HANCOCK ANNIE "BLOCKBUSTING SMASH-HIT MUSICAL." D. Mail.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Co. Seats available Today, tomor. 2.00 Piaf. Tonight, Pam Gems' Piaf. Fire. Christmas show about Arnie Knawbl, death-defying stuntman. Tonit: 8.00 Howard Barker's THE HANG OF THE GAOL "prickly, stimulating . . . vivid." Guardian. All seats £1.80. Adv. bkgs. Aldwych. No perfs. Sat.

WESTMINSTER THEATRE. CC. 834 0283. 3.00 and 5.00. Sats. 2.30 and 5.30. "JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT" by Tim Rice and Andrew Lloyd-Webber. £2, £3, £4. BOOK NOW. LIMITED RUN.

WHITEHALL. CC. 01-930 6692-7765. Monday to Thurs. 8.30. Matinees Fri. and Sat. 6.15 and 8.45. IPI TOMBI Exciting Black African Musical. "A pulsating musical." E. News. Seats Prices £2.50 to £5.00. FOURTH GREAT YEAR. Christmas Show WIZARD OF OZ. Daily 2.15 p.m. Sat. 11 a.m. and 2.15 p.m.

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YOUNG VIC. 928 6363. Evs. 7.45. Sat. Mat. 3 Phil Woods' adaptation of CANTERBURY TALES. Today, Tomor. 3, Sat. 11 Mon. 3, then daily 10 & 2 HIAWATHA for 6-12 yr. olds.

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CURZON, Curzon Street, W.1. 499 3737. Phillippe Noiret, Annie Girardot in Dear Inspector (AA) (English sub-titles). Progs. 2.00 (not Sun.) 4.05, 6.15 and 8.30.

LEICESTER SQUARE THEATRE. (930 5252). THE FIRST GREAT TRAIN ROBBERY (AA). Progs. Cont. Wks. and Sun. 1.50, 5.00, 8.20. Late show Fri. and Sat. 11.45 pm. Seats bkble at Box Office or by post for 8.20 prog. Mon.-Fri. and all progs. Sat. and Sun. no late show booking.

ODEON, HAYMARKET. (930 2738-2771) MIDNIGHT EXPRESS (X). Sep. progs. Dly. 2.30, 5.30, 8.30 pm. Late show Fri. and Sat. doors open 11.15 pm. Prog. at 11.45 pm. All seats bkble.

ODEON LEICESTER SQUARE (930 6111). FORCE 10 FROM NAVARONE (A). Sep. progs. Dly., doors open 1.30, 4.30, 7.45. Late show Fri. and Sat., doors open 11.15 pm.

ODEON MARBLE ARCH. (723 2011-2). FORCE 10 FROM NAVARONE (A). Sep. progs. Dly. doors open 1.30, 4.30, 7.45. Late show Fri. and Sat., doors open 11.15 pm.

PRINCE CHARLES. Leic. Sq. 437 8181. Walerian Borowczyk's THE BEAST. London X. Sep. perfs. dly. (inc. Sun.) 3.10, 5.55, 8.35. Late show Fri. and Sat. 11.15. Lic'd bar.

SCENE 4 (Wardour St.), Leic. Sq. 439 4470. SUPERMAN (A). Progs. 2.40, 5.25, 8.10. Late Show Fri. and Sat. 10.55.

STUDIO 1, 2, 3 Oxford Circus. 437 3300. 1: An all star-cast in Robert Altman's A WEDDING (AA). Progs. 2.20, 5.10, 7.55. Late show Sat. 10.45. 2: Agatha Christie's DEATH ON THE NILE (A). Sep. perfs. dly. 2.00, 5.00, 8.00. Late show Sat. 11.00. Seats bkble. 3: Jill Clayburgh, Alan Bates in Paul Mazursky's AN UNMARRIED WOMAN (X). Progs. 1.05, 3.30, 6.00, 8.35. Late show Sat. 10.50.

THE ARTS

Metropolitan, New York

The season at the Met

by ANDREW PORTER

The Metropolitan Opera's new production of *Don Pasquale* is not as detestable as its *Bartered Bride*, but is far from being a success. The piece was composed for the four singers generally reckoned to have the most beautiful voices and most accomplished techniques of their day — Grisi, Mario, Tamburini, and Lablache. The Met cast it with three veterans whose voices are worn and unbeautiful — Beverly Sills, Nicolai Gedda, and Gabriel Bacquier — and that dapper young baritone Håkan Hagegård, whose voice was not quite big enough to set "Bella siccome un angelo" sailing out into the enormous house.

John Dexter produced. We didn't have broad clowning, and that was welcome. But, instead, we had a great deal of finicky fussification with large mounted butterflies, of which Pasquale was a collector; with a long cigarette-holder during Norina's aria; with Ernesto's glasses, which he whipped off whenever he thought of or met Norina; with a coat joke — do put it on and leave; no I won't — that was not seven times as funny as its sixth repetition.

Desmond Heeley had designed a funeral parlour of a set—the stage shrouded in deepest black, its opening sensibly narrowed down but with coarse gilt frames decked with huge full-blown roses; and finally, within the frames, a garden whose ducal splendour made nonsense of the bourgeois milieu. The period was brought forward to about 1905, which destroyed the Mazzinian Young Italy undertones (lightly stated though they are) of the plot.

The vocal rewards of the evening, predictably enough, were slight. What was surprising was that the characterisations were so wrong. Impersonating "Sophronia," that demure young lady "from the convent fresh emerging," Sills's Norina plonked herself down in the drawing-room with legs widely straddled; Pasquale would never have entertained the idea of marriage to such a hoyden. Bacquier's Pasquale was not funny, not at all ridiculous, and unexuberant. Gedda's Ernesto was not a romantic lover but an owlish booby, perhaps in making him one Dexter bowed to the inevitable, since Gedda can suggest Vashek even when he is playing Benvenuto Cellini. Only Hagegård's Malatesta was laid out on sensible lines. The orchestral playing under Nicola Rescigno was loud and heavy.

Elena Obraztsova in "Werther"

Werther was revived with Elena Obraztsova as its heroine, Domingo as its hero. *She is a* loud, domineering singer, and though she made an attempt to fine down for the role, it was not a successful one. Domingo in his new "big" voice sounded Werther's music in full tones, without much delicacy or nuance. Betsy Norden was a charming Sophie. Bonynge was due to conduct, but he fell out; Julius Rudel stepped in, making his Met debut, and gave a sensitive, understanding account of the score. Later, Régine Crespin and Alfredo Kraus take over.

If Covent Garden's *Luisa Miller* is somewhat too plain, the Met's could be deemed rather too grand. Attilio Colonello designed it, ten years ago, in a sumptuous manner that turns Miller's house into a rustic palace. However, it's probably something like what Verdi had in mind: it was made to hold the full chorus as well as Montserrat Caballé, who *first sang the production. Luisa* was revived this season with Katia Ricciarelli in the title role. She was much as in London: touching, serious, artistic, but (to my ears) underpowered in phrases that need to be filled with the big, generous stream of tone that Ponselle must have provided.

Carreras, billed as Rodolfo, fell ill and was replaced on the *first night by Carlo Bini, a use*ful all-purpose tenor, dependable, quite unmagical, energetic, enthusiastic to the point where each of his anyone-for-tennis entrances tended to get a laugh. Cornell MacNeil was in poor voice and did not dominate the action as Miller should. (Scotto, Domingo, and Milnes take over later.) Levine's conducting was *not* vulgar, as Maazel's was, but in Italian opera I seldom find him "breathing" along with singers in the natural way that he does in Wagner. A decent but unmemorable evening.

The *Fidelio* revival was memorable for Ursula Behrens—whose vivid Leonore needs no introduction to London readers—and otherwise only for really awful, noisy, unbalanced orchestral playing under Karl Böhm. James King was a wooden though dependable Florestan. Kurt Moll a routine Rocco but in splendid voice, and Siegmund Nimsgern a neat, unimposing Pizarro.

There have been various *Traviata* casts. Ricciarelli took over the last Desdemonas from Scotto. Judith Blegen sang Gilda. Obraztsova sang a Carmen that was said to be crude, and then over the air I heard Crespin once again provide the rare pleasure of hearing the text beautifully and eloquently pronounced. *Tosca*, with Verrett, Pavarotti, and MacNeil, has just rejoined the bill. Gilda Cruz-Romo, Troyanos, Lamberti, and MacNeil sang *Aida* to Jimmy Carter—the first time a President has visited the Met.

Reviewing a Met season in detail could be a full-time critical job. So far, James Levine's declared wish of moving to *something more like a stable stagione* system has not been achieved. For the eight weeks covered by its February/March brochure, Covent Garden lists just three operas, *Onegin*, *Zauberflöte*, and *Billy Budd*. During the same period, the Met plays 12: *Onegin, Zauberflöte, Billy Budd*, and also *Aida, Tosca, Werther, Butterfly, Don Carlos, Ariadne, Rigoletto, Holländer*, and *Norma*. *Carlos* and *Holländer* are new productions.

Covent Garden

Salome

by ELIZABETH FORBES

August Everding's production of *Salome* was revived at Covent Garden on Tuesday night with a new conductor and new singers in the three principal roles. In all fine performances of Strauss operas, especially those constructed, like *Salome*, round one female protagonist, the conductor must become a surrogate, as it were, for the composer in his unbroken love affair with the soprano voice. Zubin Mehta, who has conducted Johan but not Richard Strauss before at Covent Garden, proves a sympathetic deputy and one wholly in harmony with his soprano, yet for various reasons their joint efforts do not—or did not on Tuesday—ignite into genuine passion.

Hildegard Behrens, whose vocal interpretations of Salome is familiar from a splendid recording, is superlatively good in the early part of the opera. A spoilt, attractive teenager who has recently discovered the tremendous power inherent in her own sexuality, she grins in pure and secret enjoyment at the ease with which she can bend Narraboth to her will. The shock when Jokanaan fails to respond to her desires is therefore absolute, and his fascination for her springs solely and instantly from that shock. Miss Behrens sings her scene with Jokanaan in a rapt, silvery tone *of voice that alternates inno*cence and corruption, attraction and repulsion, in dizzily rapid succession.

She builds up Salome's complex feelings for the Prophet with utter conviction, then, but does not quite manage to cross the invisible line into total obsession. Her dance, which she has apparently not herself *attempted before, is athletic* rather than erotic—it is hardly the right weather for a bikini—while her singing of the final monologue, beautifully phrased though it is, lacks the spine-chilling element of true mania. Siegmund Nimsgern's Jokanaan, on the other hand, exudes fanaticism from every pore. His cruel rejection of Salome is *uttered in a fierce*, black-coloured voice that verges on harshness, while his melodramatic gestures convey the *excessive enthusiasm of the* convert.

As Herod, Richard Cassilly sings with admirable firmness of tone and clarity of diction, but he cannot hide an impression of underlying sanity and strength of purpose, despite his deliberate eccentricity of behaviour. Robin Leggate's lyrically sung and emotionally involved Narraboth gets the performance off to a gripping start, while Josephine Veasey repeats her powerful and malignant study of Herodias. The ensembles of Soldiers, Jews and Nazarenes are particularly strongly cast with, respectively, *Malcolm King, John Tomlinson* and Gwynne Howell all notably good. The orchestra plays excellently for Mr. Mehta and the *temperature of the final scene* will surely rise in later performances. Andrzej Majewski's Moreau-inspired set is subtly *and effectively* lit by William Bundy.

Leonard Burt

Hildegard Behrens and Siegmund Nimsgern

ICA

The Warp by B. A. YOUNG

The Warp is a series of plays by Neil Oram, a poet, painter and philosopher. Mr. Oram has long been deterred from writing plays by the problem of structure. When he met Ken Campbell, it was naturally made clear to him that structure was unimportant, compared with *content, and the ten plays of The Warp* which deal with the rise and fall of the hippie culture, were written together at breakneck speed.

They are being produced at the ICA, one per night, under Mr. Campbell's direction, until on January 18 all ten will be done in the course of a long day, a tempting excursion for veterans of *Illuminatus*. In addition, talks on relevant subjects will be given each afternoon, and rehearsals of the evening's performances will be open to the public during the day. It is a typical Ken Campbell enterprise, in fact.

The first play is so full of mixed philosophy that it will be a marvel if Mr. Oram provides *nine more equally replete*. It has a subtitle, "The touch of your body quickens my," like that, and the programme handsomely provides not only a summary of the action but an abstract of the moral as well—"Stay away from priests, keep your eyes and heart open and don't spread chaos through fear."

To achieve this *satori*, young Philip Masters (bravely played by Russell Denton) matures from a simple West Country boy into an inspired poet. The route includes a good deal of copulation (anal at first, when he is presumably too simple to know the right way round); betrayal by his girl-friend on a station platform at Salisbury, Rhodesia; an audit by a scientologist, whom I spell with a lower-case "s" to show that he is not a real Scientologist; exposure to the pop culture *scene* and *meetings* with an alleged goddess and an alleged archangel. His final enlightenment is given him by a humane police constable who has arrested him for catatonia in Trafalgar Square.

The action moves clock-wise through ten scenes set around a circus ring in which the audience is allowed to stand or sit, if they can find seats. The mood is characteristic of Ken Campbell; apparently earnest matter is treated with a subliminal suggestion that it is not always as wise as it appears, though no one ever says so. *Overtly comic scenes, on the* other hand, are played intensely seriously. It must be said that there is some evidence of the *shortage of rehearsal time*; yet the players of small parts (there is a cast of 20) turn out some worthwhile performances. My favourite was Jim Broadbent, who plays the archangel with the wide arm-wavings of a popular scientist on the television.

Record Review

A neglected Baroque master

by NICHOLAS KENYON

Zelenka. The Orchestral Works: Capriccios I-V, Sinfonia a 8, Ouverture a 7, Concerto a 8, *Hipocondrie* a 7. Hollinger, Tuckwell, Elhorst, Routch, van Wijnkoop, Jaccottet. Camerata Bern. DGG Archiv 2710 026 (3 records) £14.26.

Who? Jan Dismas Zelenka, whose tercentenary falls this year, is scarcely one of the better-known of late baroque composers. Born near Prague in October 1679, his early life is shrouded in mystery; he was probably educated by the Jesuits, for his first known *works are three cantatas for* their Collegium Clementinum. In 1710 he turns up as a double-bass player at the court of Augustus the Strong, Elector of Saxony and King of Poland. And there — apart from some short periods of study in Italy with Lotti and in Vienna with Fux — he remained for the rest of his life.

Zelenka does not seem to have had a very happy or productive life at the fashionable court of Dresden. The one major document written by him which survives is a petition written on November 28, 1733 to Augustus II, in which he complains bitterly that though he has borne the burden of writing church music for the court after the death of Heinichen in 1729, he has not been granted the post of Kapellmeister. He never received the post. Interest in Dresden centred on the fashionable school of new opera composers, in particular Hasse, who had been commissioned to write Augustus I's Requiem in 1733 (a job which should have been Zelenka's) and in time Hasse took over the direction of all *church music at the Dresden* court. Zelenka received the post of "church composer," but this had to be shared with the complete nonentity Tobias Buz.

Yet it is instructive to recall that another composer connected (in an honorary capacity) with church music in Dresden during the 1730s was Johann Sebastian Bach. And when the biographer Forkel asked Bach's son Carl Philip Emanuel which composers the elder Bach had most highly re*spected during his lifetime, his* first thoughts were: Handel, Hasse, Graun, Benda and Zelenka. (Only on second thought *did* he add Caldara, Fux, Kaiser and Telemann.) What was it in Zelenka's music that Bach admired?

Turning to the collection of orchestral music recorded here—a magnificent sequel to Holliger's pioneering recording of Zelenka's six trio sonatas, and the first worthy representation of his orchestral music on record—it is easy to see the characteristics which made Zelenka both admired by Bach and neglected by the up-to-date fashion-followers of Dresden. For this music is marked by a sturdily old-fashioned approach to counterpoint and melody. The five Capriccios follow closely in the tradition of the orchestral suite: they contain long, closely-argued opening movements, followed by a sequence of shorter dances.

But such a description does scant justice to the wealth of *invention contained in these* pieces. There is brilliantly virtuosic concertante writing for pairs of oboes, violins and (quite *alarming in their demands on* the players) for two horns. There are bold unison lines in the tuttis, and the strangest, most quirky turns of rhythm and harmony. Some of the scoring is delicious: horns used high in their register to balance a violin and oboe melody; bassoons emancipated as melodic tenor instruments joining an imitative texture of two oboes and bass; violins treated as bass instruments under a duet for oboe and horn.

Some of the dance movements are hypnotically colourful, often using elements which can only have come from the Bohemian folk music with which Zelenka grew up. A few have programmatic titles: the fifth Capriccio contains *Il Contento*, a lilting dance in E minor full of syncopations and accented major sevenths, with a serene trio in the major; *Il Furibondo*, a scuttering movement for violins with horn fanfares; and a pair of *Villanellas*, as vigorously inventive as any dance by Bach or Rameau. Then there is also a Sinfonia, an Overture (with a magnificently dissonant opening Grave), a Concerto a 8, and the splendid little novelty, *Hipocondrie*—a none-too-specific portrayal of illness into which it is difficult not to read some clue as to the reason for Zelenka's unsuccessful life.

Zelenka's eccentricities in these works can either be regarded as strokes of individual genius or as miscalculations. There are some of both, I think: his sense of proportion is more firmly controlled in the dances, where the odd surprise is delightful; in the longer contrapuntal movements, it is undeniable that his music does not have the same logical sense *of direction as that of a Bach* or a Handel. His inventiveness, however, is never in doubt. And the stylistic mixture in his music is managed with a very sure touch: folkiness never clashes with baroque gravity, and this element in his work sounds to be in direct line of descent from the early baroque Bohemian masterpieces of Biber and Schmeltzer.

In an age of rapid musical change, Zelenka evidently held out for the virtues of an old style. He had not exhausted its possibilities: he felt there was plenty more to be said in his individual version of the language of the high baroque. It was a similar stance to that taken by Bach and Rameau; but *Zelenka never achieved even* the grudging veneration which came to those composers in their old age. Zelenka is surely a real case of an unjustly neglected composer: these orchestral pieces and the already-recorded trio sonatas will be, one hopes, the prelude to a full-scale revival of his work which will survey the church music he wrote for Dresden as well as his instrumental works.

And the performances on these records? Splendid, with exceptionally accomplished oboe and horn playing by Heinz Holliger and Barry Tuckwell, and only a certain dryness in the strings of the Camerata Bern. Tempi are well chosen, if sometimes deliberate, and the pauses between each of the pairs of dance movements are absurdly long. But on the whole, the set contains powerful advocacy for Zelenka's music. There are signs that his tercentenary year will be marked by performances on the con*tinent: perhaps these excellent* records will also provide a stimulus to performers in this country.

Oxford Playhouse

City Delights by GARRY O'CONNOR

That a revue is only as good as its sketch-writers, a comedian as good as the man who thinks up the gags, is such an obvious axiom that one questions why in this Anvil production no effort is directed in the programme to identifying the authors of *any of the humorous* sketches and musical items (nearly 40 in all). All we know is that "some of our finest musical and comic talents" have taken an incident or situation which sums up their feelings towards *London or city life*. Yet the "housekeeping staff" of the theatre are mentioned by name, some five in all.

Predictably, a large proportion of items are about travelling: the Tube, London Transport, Laker Airlines, a taxi service run by an Australian, leaving the office of an evening, strolling up Shaftesbury Avenue, pigeons in Trafalgar Square. There is a reworking of Wordsworth's *sonnet*, Upon Westminster Bridge ("This city now doth wear a concrete overcoat"); advice about recognising foreigners ("the Italian: a cowardly baritone driving around in a car smaller than himself, *looking for a divorce*").

Pornography comes next. This is represented by men in raincoats singing about film titles (a catchy number, though hardly top marks for originality; Greek Street "journey's end when *lovers meet* in Greek Street"; transvestism (the joke being that dressed as a man a husband is wearing his wife's clothes). By contrast, a few half-hearted nostalgia numbers are included, along the lines of those performed by Ann Ziegler and Webster Booth.

A smattering of sketches about urban amenities makes up the other substantial section of subject matter. A fantasia about John Bell and Croyden, the all-night chemists, must have mystified many Oxford playgoers who do not share the same mythologies of city life as Londoners; almost as mystifying must be the running image of loneliness and alienation, as in the "Cooking for One" sketch, stalwartly performed by Madeleine Newbury. Not an Oxford problem, in my experience.

Viewed as a whole, the sketches lack punchlines, though some begin well enough. Visual presentation, by means of screens with back-projection, is first-rate. The music is excellent, a five-piece band on stage throughout, each of whom displays versatility and style.

But in a revue which the presenters *intend for* the London market, why not as thoroughgoing a treatment of life in Oxford? It is far more likely to succeed in London, and in Oxford, as *Half-Life* by Julian Mitchell has, while this, though engaging and pleasant, primarily by virtue of its talented cast (in particular Sharon Campbell and Denis Lawson) does not seem set to make a great mark in either place.

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Dollar tests on the way

THE PATTERN of dollar trading since the holiday break has one clear message: wait and see. The general unease over U.S. policies first depressed the dollar; yesterday it rallied quite sharply, on forecasts of further increases in interest rates; and experience of firm support by the Federal Reserve in the markets. This is clearly an uneasy balance. A currency which requires the protection of ever-higher interest rates and of central bank intervention is still fundamentally a weak one. If and when confidence has been restored, the flow of private capital will reverse, and interest rates will tend downwards.

Budget message

Such confidence can only be created by further firm action by the Administration; and the essential test of its resolve will be the Budget message submitted to Congress after its reassembly on January 15. Fortunately there are some grounds to hope that this message will, like the British measures of December, 1976, be dramatic enough to convince the market that there has been a real change of policy. This is not simply because the Administration has started to talk of a sharply reduced borrowing requirement—such plans are always partly at the mercy of Congress. It is much more because President Carter and his advisers are responding to a radical change in the mood of the U.S. voters. The California tax-cutting vote, and, more important, the success of broadly conservative candidates of both parties in the mid-term elections, suggest that serious stabilisation measures would command popular support.

A convincing Budget message will not by itself cure all the ills of the dollar. The following days and weeks will show how far Congress itself is responding to the new popular mood. Meanwhile the Federal Reserve must maintain the pressure on credit and interest rates which has helped at least to stabilise the dollar, despite the rather unhelpful public comments of the FED Chairman, Mr. William Miller, and the Secretary of the Treasury, Mr. Michael Blumenthal, who have tried to portray the dollar problem as purely speculative, and play down the importance of credit measures.

While the rise in interest rates which has actually been imposed has helped to stabilise the currency markets, and may well produce some help to the balance of settlements through the leads and lags, it has not so far depressed the U.S. demand for credit, and this again has aroused scepticism in the markets. It is argued that only a recession will show that policies are adequate.

This is partly a mistaken scepticism, for two reasons. First, official action cannot produce instant results in a highly liquid market; there is now some sign of the delayed response in the real economy, first of all in the growing liquidity problems of the savings and loan institutions which finance construction. High rates will check demand, even in an economy where inflationary expectations are resigned to high rates for some time yet.

Money supply

More important, though, is the fact that much of the dollar problem is financial rather than real. When effective credit and fiscal measures bite, the result need not be to halt the growth of the U.S. economy or even of the domestic money supply, though both should be slowed. U.S. activity is likely to be sustained by export demand and such special factors as the strong aircraft recovery; but it should be able to attract finance from overseas. A reflow of foreign-held dollars will assist not only the financing of U.S. activity, but the control of the money supply in other countries.

Determined action by the Administration will, then, help stabilisation all over the world.

It cannot be a painless process; the checking of excessive credit growth always leads to some disruption. But so far as the problem is financial, the pains may also be largely financial — the problems which are already emerging in the Eurodollar and U.S. domestic markets as a result of sloppy lending in the past.

Dr. Bakhtiar needs time

THE APPOINTMENT of Dr. Shahpour Bakhtiar as the next Iranian Prime Minister and his somewhat equivocal claim that the Shah is committed to taking a holiday abroad may help to break the political log jam of the past three months. The demands of the opposition have to some extent been met. But there must be grave doubts about the chances of Dr. Bakhtiar's government defusing the crisis.

As so often in the past year the concessions by the Shah may have come too late.

The confusion which has surrounded the formation of the new administration and the contradictory reports on whether or not the Shah intends to take at least a "temporary holiday" is symptomatic of the disintegration of government authority within Iran. It is probably an error to see the government as pursuing long-term policies in order to stabilise the situation. On the contrary, the events of the past four months give the impression of a régime reacting to the rapidly mounting crisis by a series of short-term expedients.

Hence its violent swings between conciliation and repression and the failure of both.

Last opportunity

Can Dr. Bakhtiar do any better than the three Iranian prime ministers who served last year? He will get the support of those who see his appointment as a last opportunity for a compromise to be worked out between the Shah and his supporters and the opposition. The departure of the Shah, even if it is described as a purely temporary vocation, could be a concrete gain which may convince the more moderate opposition leaders that Dr. Bakhtiar can introduce radical changes in government policy. The authority of previous governments has been eroded by the general conviction that ultimate authority was still wielded from the throne.

It could be argued that the new Government will get support from the "middle ground" of Iranian politics. But does this middle ground still exist? The opposition National Front, from which Dr. Bakhtiar has now been expelled, was moribund between the early 1950s and the eruption of the present crisis. Its leaders are mostly old and their personal authority limited.

They have persisted in their demands for an end the the monarchy and for control of the army, police and secret police.

With Ayatollah Khomeini refusing to make any concessions to the Shah the National Front leaders have been compelled, whatever their personal inclinations, to remain intransigent. And it is clear that it is the religious opposition alone which can claim to exercise country wide influence. In so far as anybody has organised the strikes and demonstrations it is the Ayatollahs and Mullahs.

Potential exile

Among the Shah's followers there is equal confusion. The highly personal nature of his rule over the past 20 years has ensured that there is no authoritative figure in the army, other than himself, who can guarantee military support for Dr. Bakhtiar. If the new cabinet contains too many senior generals it will be all the more unacceptable to the rest of the opposition.

So far the Government has proved that it can cling onto power whatever the opposition does. The army has generally remained loyal to the Shah. But the opposition has also proved that it can bring the economy to a complete halt and paralyse government authority at almost every level. In a single year it has reduced the Shah from absolute monarch to potential exile. Such success hardly puts those opposed to the crown in a mood to compromise.

If Dr. Bakhtiar is to get anywhere he must be in a position to show that he exercises real authority. The persistent confusion over the temporary departure of the Shah has only served to damage his already slender chances of success. Above all a new Prime Minister needs time to produce concrete reforms. In conditions of mounting chaos it remains to be seen if he will get it.

THE EFFECTS OF A LORRY DRIVERS' STRIKE

BY HAZEL DUFFY AND DAVID CHURCHILL

A serious threat to much of British industry

LIKE the bad weather, industry has had fair warning that it might have to contend with a strike in the vital road haulage industry. But, unlike coping with snow and ice, there is relatively little that industry can do to counter disruption of the transport of raw materials and finished goods by road.

Early indications are that the strike is involving the picketing of some ports, depots and even factories. If this degree of disruption persists, then it could have even more serious repercussions on industry than had been feared. Without an immediate alternative means of transport to hand, there is little that industry can do to adapt to the present situation.

The degree of dependence of industry on road transport varies from almost total—for food and drink—to less than a quarter for coal and coke. These two extremes broadly demonstrate the one enduring feature of transportation. This is that the smaller the product, the more likely it is to travel by road, while the bulkier products are more likely to be transported by rail.

The most recent provisional estimates of the breakdown between road and rail transport show that road is responsible for 80.5 per cent of goods carried—a proportion that has increased in spite of attempts by British Rail to make its freight services both more attractive and more competitive.

The current industrial action by some drivers working for member companies of the Road Haulage Association will hit some industries more directly than others, although if the action is prolonged it will affect almost every industry in due course.

Drivers working for companies which operate their own lorry fleets—usually termed "own-account carriers"—are not affected by the dispute. Nor are those employed by the National Freight Corporation, which on a very rough estimate accounts for betwen 4 and 5 per cent of all freight carried by road.

The section of road transport which is subject to the present action is that carrying goods for third parties, usually known as "professional" or "public haulage" carriers. According to figures quoted in the recent Price Commission report on the road haulage industry, they account for 63 per cent of total goods moved by road.

In view of the fact that a large number of lorries bear the name of the company whose goods they are carrying, this may seem a surprisingly high figure. In fact, such vehicles are often on contract hire to particular companies, but are owned and operated by professional carriers.

Member companies of the Road Haulage Association are particularly strong in certain areas of transport. These include the movement of bulk liquids, car transportation, express carriers moving goods for mail order companies, special heavy haulage operations for the movement of one-off items, and international services. Widespread support of the strike would therefore have an immediate effect on industries dependent on these services.

THE ROLES OF ROAD AND RAIL

percentage of freight tonnage per km, 1976

Industry	Per Cent Road	Per Cent Rail
Food, drink and tobacco	97.6	2.4
Building materials, timber and aggregates	87.2	12.8
Coal and coke	23.0	77.0
Petroleum products	41.2	26.6
	(pipeline — 32.1)	
Chemicals, fertilisers	86.2	13.8
Iron and steel	65.8	34.2
All other industries	90.6	9.4

Source: Transport Statistics, 1966-76, Department of Transport.

In addition, RHA members are heavily involved in the movement of certain bulk food items, such as milk and flour, as well as livestock for the domestic market. They also operate refrigerated meat carriers, and carry live animals for export to the Continent.

In the movement of bulk industrial materials, they carry gravel, sand and quarrying materials, with many drivers on contract to particular companies in these industries. They are also strong in carrying industrial waste which, in view of the tighter demands on companies conforming to anti-pollution measures, could very soon cause problems to industry.

Complicating the picture is the fact that road transport tends not to be a one-journey operation. This means that even those industries which move a lot of their goods by rail for most of the journey between factory and distribution centre, for example, may well depend on a road haulier to complete the last bit of the journey.

This fact alone means that the substitution of rail for road transport is not feasible in the majority of cases. British Rail claims to handle at least half of long distance bulk freight carryings, with products like oil, coal, steel, cement, aggregates, limestone and chemical products high on the list. But these products are moved between private sidings and it is obviously not possible to provide these overnight.

An added complication for British Rail which could arise from the strike is the fact that its Freightliners container-carrying service sometimes uses professional carriers for the collection and delivery of containers. On the basis of the attitude shown by rail unions in the past towards fellow workers on strike, it is highly unlikely that there would be any attempt to get this job done from other sources in British Rail.

The ability of industry to cope with possible large-scale disruption to its transportation will be determined to some extent by its stocks position. Most companies probably hold between one and two weeks of essential supplies of raw materials. After that period, shortages would begin to be apparent, and stocks of finished goods would start to pile up.

Scotland suffered a three-weeks strike of lorry drivers in October, 1974 which seriously disrupted industry. The dispute was more widespread than the current one, involving some NFC drivers as well, and coincided with strikes in some other Scottish industries. Scotland is also particularly dependent on road transport because of few rail connections apart from main line operations. This means that Scotland will also be hard hit if the present strike gets a grip. At the time of the last strike, it was calculated that more than 30,000 workers would have had to have been laid off at the end of the week in which it was finally settled.

Until the state of the present dispute becomes clearer, companies are not thinking as far ahead as the effect on production and possible lay-offs. But some indication about the likely effects of prolonged and widespread action by the lorry drivers can be gauged from the dependence of particular industries and services on road transport.

● FOOD DISTRIBUTION is probably the most vulnerable of all to a disruptive dispute because fresh foods have a limited life-span. Most of the major supermarket chains operate their own fleets of lorries for transport from central depots, to avoid too many deliveries a day at their High Street stores. The problem, however, is if supplies to the central depots are reduced.

There are several specialist companies responsible for retail distribution. One of the largest, SPD, is a subsidiary of Unilever and is concerned with distributing Birds Eye, Van den Berghs, Batchelors, and other Unilever products around the country. Tate and Lyle's TLT company is concerned with sugar distribution.

But these large companies are only responsible for a small part of the food industry's distribution. The bulk is still in the hands of the local haulier and small regional groups.

Most trade sources were unable to predict the exact effects on stores mainly because it is unclear which private hauliers involved are in dispute. But supermarkets and manufacturers have warned shoppers against panic buying on the ground that existing packaged grocery stocks would last for several days.

● Chemicals: The majority of companies either use a mixture of professional carriers and their own fleets, or depend entirely on contracting professional carriers. There is a a high degree of interchange between plants of intermediate chemicals for further processing, and much of this transport is by road. The advantages of flexibility offered by road transport mean that companies have tended to minimise stocks—a factor which will work against them in the current situation. If stocks of a particular raw material run short, companies might close plants for annual maintenance.

● Coal: Most coal is transported by rail from the pits to depots, or direct to industry. That part which is taken by bulk tipper lorries could be affected by the strike, but stocks of coal held by distributors are sufficient to meet householders' needs for some time.

● Electricity: Virtually all coal and oil for delivery to power stations is brought either by rail or sea.

● Steel: Most raw materials are brought by rail to the major steelworks. Much of the delivery of finished products is also by rail, but there is some movement by road of semi-finished products to other plants for finishing. Where delivery of the final product to the customer is by road, this is often at the preference of the customer. It is likely that rail could be substituted, although the final stage of distribution may well have to be by road. Much of the steel held by stockholders, however, is transported by road, often for delivery to customer industries requiring relatively small amounts of steel.

● Motor industry: Delivery of cars could be badly affected by the dispute, because car transporter drivers are involved. The transport of parts between plants of the same company is often done by rail. For example, Ford has its own rail link between Dagenham and Halewood, and Chrysler between Coventry and Linwood. Delivery of components to the car plants, however, is mostly by road.

● Petroleum products: The major companies run their own fleets of vehicles. But distribution of central heating oil to factories, offices and homes is often carried out by professional haulage operators who are under contract to the distributors.

● Construction: The transport of materials for the industry by road is divided between companies' own fleets and professional haulage operators. Building sites which are close to main depots are less likely to be affected than those in more inaccessible areas. Special equipment for use on sites is taken by road, and delays in delivery could hold up work.

The organisation of the road haulage industry is such that there is a high degree of interlinkage between companies operating their own fleets of lorries and those professional hauliers which are working under contract. In addition, own-account fleets will sometimes sub-contract to the professional hauliers when their own capacity is not sufficient.

For these reasons—and the very important consideration that the whole chain of manufacture is dependent on the delivery of components—the effects of a strike involving only a section of the road haulage industry could have more serious effects than immediately appear.

MEN AND MATTERS

Imps—and others—out of puff

The last words that Imperial Tobacco and its rivals will want to hear on a £50m disaster were uttered yesterday. On the opening page of a survey of the British tobacco industry in 1978, stockbrokers Sheppard and Chase declare tobacco substitutes to have been "an almost total failure."

Smoking out the hard facts behind that verdict, I learn that cigarettes containing substitutes are now down to barely 0.2 per cent of total sales in this country. Nine months ago it was 0.6 per cent — and even that was a far cry from the 3 per cent which would have been seen as a moderately successful market penetration.

Of the 12 brands put on the market, eight are stil on sale, but several of those only nominally. Most of the smokers who are not right back on the natural weed are puffing two brands containing Cytrel, a substitute made by Celanese: these are Rothman's "Peer Special" and Gallaher's "Silk Cut."

Synthetic tobacco is also running out of puff in Germany. Sales are tiny there, although in the one other European country where Cytrel was launched, there is just a hint of hope in the ashes. That is Switzerland. As a British tobacco executive said ponderously to me: "The Swiss are perceived to be a little more conscious of health."

Fake fancier

One man who has made a tidy profit from early retirement is property dealer Ken Talbot, who moved to Ibina nine years ago, and made friends with the late, legendary art forger Elmir de Houry. Now back in harness in London, Talbot has taken the unusual step of selling off through a small-ad 20 of his de Houry fakes of French Impressionist paintings. Among them are works in the style of Toulouse Lautrec, Modigliani, Monet and Pissaro.

"You can't insure them, they want burglar alarms and big premiums," says Talbot. "I sold some at Christmas—before it got too much publicity." Why, I asked naively, was this a problem? "Look," he said, "they're all signed 'Modigliani', 'Monet' . . . . They're a big status symbol—most people wouldn't know a Picasso from a bar of soap. And what they do with them after they leave me is up to them, know what I mean?"

Talbot does not, however, feel entirely at ease in the world of fakery. Admitting that he knows nothing about art either, he is holding on to a painting bought "through" de Houry which he was assured is a *real* van Meegeren. "People say it looks like a van Meegeren," he says uneasily.

Destiny deflected

The abandonment of the Queen's projected trip to Iran means that all those who would have gone along can now stop studying the most lavish book ever published in adulation of a dynasty. "Iran, Elements of Destiny" has a foreword by the Shah, in which he begins by declaring his country to be in "the process of a fundamental transformation."

Forty thousand sumptuous and heavily subsidised copies were printed by Balding and Mansell, the Wisbech-based subsidiary of Bemrose; the colour work recently won a prize in the trade.

Most have been given away, but Collins, the London publishers, took 2,000 for sale (at £25 a time) and are still sitting on 800. Far more awkwardly placed are German and French publishers, still at work on translating the highly poetic text.

The mastermind behind this coffee-table extravaganza — it would make a coffee table on its own if you supplied legs—is Canadian photographer Roloff Beny. I contacted his assistant, American archaeologist Mitchell Crites, in Rome. He said bravely that the book had now become "a memorial—a remarkable statement of what Iran was like until a few months ago."

Generating heat

Despite the cold, busloads of tourists were arriving at Buckingham Palace yesterday, to photograph one another and watch the guards at their rituals. An Italian from Pisa asked me the way to the Aldwych, and said he was booking to see "No Sex Please, We're British." He explained: "It's the only way to keep warm."

Walking goldmine

While human life is still not rated very highly in certain parts of the world, some upward adjustment of the valuation is suggested by a New York consulting firm. "The old cliché about the 98 cent human body is just so much hogwash," according to Adam Starchild, president of the Minerva Consulting Group.

Following a Christmas session with his pocket calculator, Starchild says that transforming the necessary chemicals into cells, and constructing even a semblance of a body, "would drain the treasures of the world." The materials alone, including hormones, RNA, DNA, and other biochemicals, are, according to chemical company catalogues, worth about $6m. It makes Nature seem very good value.

Dope in smoke

You would need to be a statistical addict to wade through all the figures for drug hauls in 1978 produced yesterday by Her Majesty's Customs and Excise. In the pushers' terms, the "street value" was £22.2m. What happens to all that heroin, LSD, cocaine, cannabis and the like?

"We incinerate it" said a spokesman. "There are Queen's warehouses, you see, with facilities." I asked where these warehouses might be. "That," he replied "is our best kept secret."

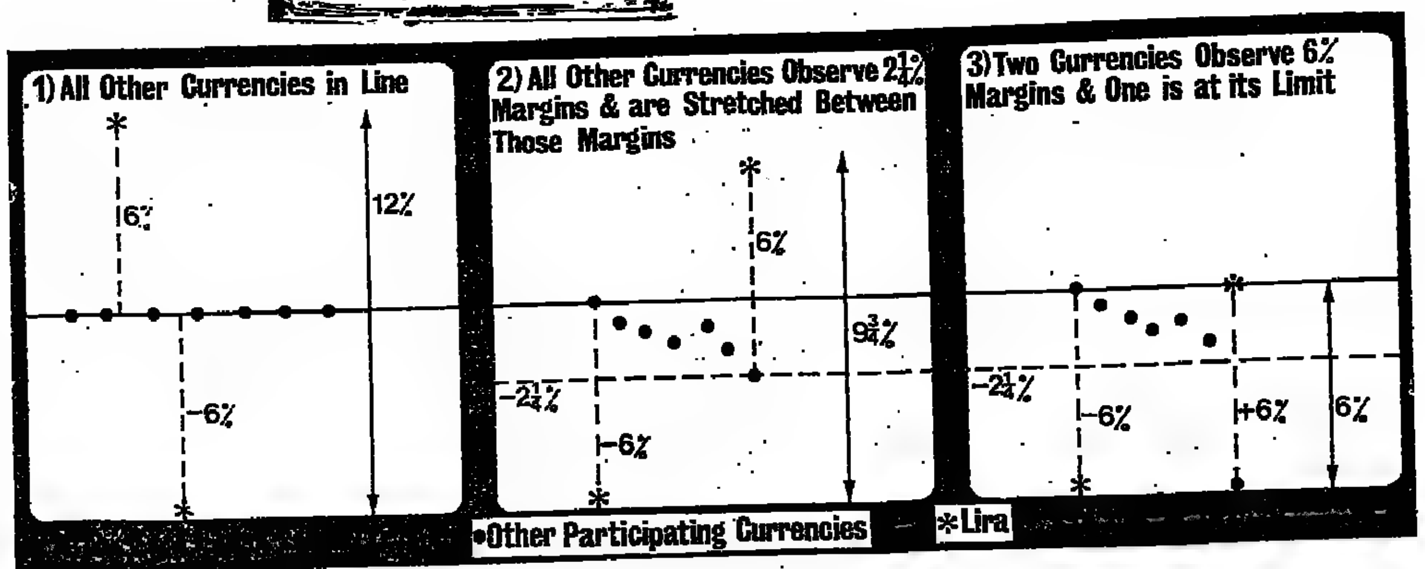
Doctor at sea

Friends in France tell me that British Rail's cross-Channel ferries—hopelessly delayed by the weather—have at least some loyal customers. It seems that, to get round the often impassable coast of northern France, some French commuters have been mingling with the Marks-and-Spencer's-bound Calais housewives on the boat to Dover, then boarding another ferry back to Boulogne, 25 miles along the coast.

Among those taking the sea-route was a doctor, who made the circuitous trip in four hours. One can only hope the journey was for pleasure rather than to see a patient.

ECONOMIC VIEWPOINT

How EMS will work



THE EUROPEAN Monetary System was supposed to have come into operation last Tuesday, January 2; and in spite of last-minute French objections it may already have begun to operate in an informal way. Yet the actual exchange rate rules are still as clear as mud to most of the financial community, let alone the general public. It has already been announced that seven of the eight member currencies are to be limited to a margin of fluctuation of 2¼ per cent around an "ECU-related" central rates. Italy on the other hand has opted for a 6 per cent margin. Does that mean that the total band in which a currency can move is twice these amounts, i.e., 4½ per cent for the seven inner group members and 12 per cent for Italy, the outlying member? Or does it not? And "what is the significance of ECU-related?"

I make no apology for having previously hedged on these questions, because the answer is not clear cut and will vary according to the precise relation of different currencies to each other. When all exchange rates were fixed in relation to dollar (the *numéraire* of the Bretton Woods system) there was no ambiguity about the measurement of the permissible amount of fluctuation. The difficulties arise because there is no single central currency, and because every European currency is related directly to every other.

Moreover, the exchange rates in the area are linked by a combination of two different systems. There is the parity grid, which was previously operated by five of the present members who belonged to the so-called snake. But the grid is supplemented by a system based on a basket of currencies known as the ECU (European Currency Unit).

If this were not complication enough, it is far from clear in which units the permissible amount of fluctuation should be measured. The tempting thing to do is to relate exchange rate movements to the ECU. But the ECU is simply a basket of currencies of stated physical amounts; e.g. 0.828 German Marks, 1.15 French Francs, etc. The value of the ECU itself changes if any one of its components moves in the market. For instance if the French Franc falls, the total value of the basket, stated in any other currency, itself falls. Thus stating margins in terms of the ECU will often understate the permissible movement.

It might therefore help if I give a simplified summary answer to my starting question before going into further details. The effective band in which the hard core currencies can move will normally be more than 2¼ per cent but less than 4½ per cent, the exact width varying from time to time. An outlying currency taking advantage of wider margins would have an effective band usually varying between 8 and 9 per cent. The latter figure is in my personal view a better guide.

Per cent of what? The calculations I have available are in terms of the strongest EMS currency at the time in question, this being treated as the numéraire. But what one would ideally like—to answer for example what would happen if sterling joined as another outlying member on the Italian model—would be calculations in terms of something like the trade weighted average exchange rate which is already calculated by the Bank of England every day for sterling. This is on a world-wide basis; and the desirable indicator would have non-EMS currencies left out and purely Community trade weights.

But as a practical matter, I shall have to stick to calculations in terms of the strongest currency, and merely note a few ways in which such calculations distort the picture. Now for a little of the detail; and please fasten your seat belts.

Of the two elements in the system, the parity grid and the basket, the parity grid is the dominant one; it is much the easier to understand, and the countries which belonged to the earlier snake have practical experience of its operation. (The "snake" metaphor ceased to be appropriate when the Smithsonian system of fixed rates against the dollar collapsed in 1973; but we are landed with this slimy label which it is too late to change.) It will be simpler to describe the parity grid first and then explain how the ECU or "basket" element modifies its operation.

Grid system

Under the grid system each currency has to have a central parity against every other. These parities have yet to be set officially because of the last-minute objections of the French on Agricultural Policy which have delayed the official start of the EMS.

EMS central rates were in fact fixed informally by central bankers on December 29, although this has not been admitted officially and the rules have not been announced. But we shall not go widely wrong in taking as a rough approximation the cross rates appearing in the Financial Times foreign exchange table for that date, when for instance the German mark was worth nearly 2.3 francs.

The fundamental rule of the grid system is that the exchange rate of a hard core currency can fluctuate between 2¼ per cent below the strongest and 2¼ per cent above the weakest hard core participant. An outlying currency can fluctuate between 6 per cent below the strongest and 6 per cent above the weakest of all participants. Remember this fundamental rule and you will not go far wrong. Forget it and all is lost.

Now assume that only two currencies are involved, the franc and the mark. The total band between which their exchange rate can fluctuate is twice 2¼ per cent, or 4½ per cent. The membership of other currencies has under the above rule the effect of narrowing the band to one of a width varying between 2¼ per cent and 4½ per cent depending on the scatter of the different member currencies in relation to their central rates.

The charts in this article are adapted from some drawn up by the Bank of England, purely for illustrative purposes, and show the operation of the grid system. The key to understanding them is that the strongest currency is used as the numeraire or base. In the middle chart (No. 2) the dots between the horizontal lines show the hard core currencies stretched out between the permissible margins. Let us call the strongest of these the Mark. The weakest of these—let us say the French franc—has fallen hypothetically by the full 2¼ per cent. (In theory it could have been the other way round with the franc rising by 2¼ per cent against the Mark. But the diagram would then have to be redrawn with the franc as the base.) The other hard-core currencies are stretched between the Mark and the franc and their effective range of movement is less—as the chart clearly shows—*so long as the mark and franc stay put in the positions shown.*

The position is easiest to see if all but one of the exchange rates remain at their central rates and the range of movement of that one is examined. This is shown in the left-hand chart (No. 1) in which the lira is the odd man out. If all other exchange rates stayed put against each other the lira can rise or fall by 6 per cent against any of the others, giving a total effective band of 12 per cent.

In the second chart the effect of the dispersion of the hard core currencies is to reduce the permissible range of fluctuation for the lira. According to the key rule of the grid, it can rise by 6 per cent against the franc and fall by 6 per cent against the D-mark. But as the franc is itself 2¼ per cent below the D-mark, the effective range of fluctuation is 12 per cent minus 2¼ per cent, that is, 9¾ per cent. The range is measured against the D-mark on the convention used for these calculations.

The third chart assumes that the UK subsequently joins the system along with Italy on this basis. The chart is also so drawn that the D-mark is at the top of the permissible range and the lira is at the bottom. The effect of this spread is to narrow sterling's effective band to 6 per cent. This comes from the rule of being able to move down by 6 per cent against the strongest currency and to move up 6 per cent against the weakest. If all other currencies had remained at their central rate, sterling could have moved within a band of 12 per cent.

At this point, it is necessary to remember the limitations of such simple two-dimensional diagrams. For they effectively assume that all but one currency stay put in the position shown, and then consider the possible swing of that currency. This is often unrealistic. Let us suppose that the two currencies with the wider margins were not sterling and the lira, but sterling and the Irish pound. The legal separation of the Irish pound from sterling would not effectively narrow the permissible band of movement of sterling if in practice they continued to move together. For this situation we would need a fourth diagram in which the two outlying currencies were swinging together. The permissible range of movement again measured against the D-mark would be closer to the 9¾ per cent of the middle chart; and the same would be true if sterling, the lira and the Irish pound were all observing wider margins and diverging in a similar way.

How does the basket or ECU element modify the system? Basically it is an influence reducing the permissible band of fluctuation—one of many reasons why I did not share the official British enthusiasm for it. A "divergence indicator" will be calculated showing how far any currency has diverged from its agreed central rates against the ECU. When a currency reaches its threshold of divergence there will be a "presumption of central bank intervention or of other policy measures to prevent it diverging further than 75 per cent of its maximum theoretical spread against the ECU.

I shall spare the reader (and myself) the full intricacies of the interaction between the ECU divergence indicator and the grid arithmetic. Although the divergence formula would limit the permissible depreciation of, say, the lira against the ECU, the fact that the lira is itself part of the ECU pulls the value of the ECU down. This means that the divergence indicator is less restrictive than it appears at first sight. In the first chart this indicator reduces the permissible band for the outlying currency to about 8 to 9 per cent. In the second chart the band is also within this range, and thus not very much less than under a pure grid system. The divergence indicator is slightly more restrictive for the lira, which has a weight of about 10 per cent in the ECU basket than it would be for sterling which has a weight of about 13 per cent. In the third chart with the lira against its lower limit, and sterling also in the EMS, the divergence indicator is unlikely to have any narrowing effect whatever.

At the end of it all, we are back to the conclusion that the permissible band of movement of the hard-core currency is somewhere in between the 2¼ and 4½ per cent figures, mentioned in past discussion. For the outlying ones using wider margins it varies between the 6 and 12 per cent figures. The first range is far too low, unless France can really have a German-type anti-inflation miracle. The second range gives simple scope to operate a *de facto* float, provided that central rates are changed in good time. Parity changes could be made without changing market rates and we should be spared unsuccessful but harmful attempts to defend exchange rates against market forces.

The main technical reason why the wider margins proposal lacked appeal to Mr. Callaghan and Mr. Healey and some of their advisers is that it gives too much exchange rate flexibility—not too little. They tend to believe in the spurious "discipline" of fixed but adjustable rates. If then the key Government leaders want an even more restrictive exchange rate regime than they needed to adhere to under the EMS, why then did they not join? The economic arguments about transfers of resources are not convincing, as the issues they raise are largely separate. suppose that the UK stayed out because a few officials wanted an intervention formula even more closely linked to the basket than the present one. One is left with the conclusion that the main reason for non-membership was pure political funk at the prospect of an internal Labour row before an election.

Samuel Brittan

Letters to the Editor

Cross-Channel link

From Sir Bruce White

Sir,—I read with great interest Mr. Ian Hargreaves' article on the Management Page of December 20, particularly because it includes a description of the Channel Tunnel/island scheme with which I am identified.

In view of the progressive build-up of pressures on existing Channel air and ferry routes, a fixed link providing a free flow of road and rail traffic in all weathers has become a necessity to remove the traffic bottlenecks, apart from reducing the overload on airports handling the ever increasing intra-continental traffic.

Anyone familiar with maritime engineering is well aware of the great forces engendered by the sea and also by windage: a factor which enhances a tunnelling solution. A tunnel however, must have a free flow capacity to cover both road and rail traffic: the former requirement is essential.

The tunnel/island concept uses the well developed technique of submersed tubes to provide tunnels beneath the Dover Strait carrying two railway tracks and two three-lane motorways. The maximum road tunnel length is ten miles and can be ventilated economically.

The motorway tunnels emerging on to two mid-Channel islands, constructed on the Varne and le Colbart banks, which are currently dangerous to shipping, would provide visible and well marked reference points to lessen the hazards to shipping, a danger which was mentioned in the article.

I hope the foregoing will both clarify certain points and show that the Channel Tunnel/island scheme is unique in providing all the requirements for an essential fixed cross-Channel link.

Sir Bruce White,
Reydon,
Midway,
Walton-on-Thames,
Surrey.

Norbiton No. 14

From the Chairman, Boston Manor Residents Association

Sir,—I have just noted that the annual Financial Times Industrial Architecture Award last year went to the architects of the Greater London refuse transfer station, Brentford.

While it may well be that the design of the building was meritorious and certainly surpassed that of the majority of the buildings on this industrial estate, I would be interested to know whether the exterior decor was taken into account when considering the award recipients.

My reason for this inquiry is that large numbers of the 1,400/1,500 members of this association, particularly those who reside in Boston Gardens, Brentford, have strongly criticised the colour which, after the work was completed, I was informed is "Norbiton No. 14." I have been assured by both GLC and the London Borough of Hounslow that members of the respective committees who approved the building details were advised of the colour but I understand that certain members did not know what the colour was. Since the work was completed, councillors to whom I have spoken have agreed that the colour is unacceptable.

Protests to both councils had no effect. The only response from Hounslow was that residents had not lodged any objections. So far as concerns GLC, I wrote to the chairman of that council's appropriate committee and, subsequently, to his successor when political control of the council changed. Both replied indicating that they did not consider the colour to be objectionable.

We all commend the expressed desire not to waste ratepayers' money and, as the cost of re-colouring the building to ensure that it blends in with its surroundings and does not "stand out like a sore thumb," would be substantial, members decided not to continue their protests. It is hoped, however, that when the exterior of the building has to be treated again a more acceptable colour will be used.

Arthur Edwards.
88 Southdown Avenue,
Boston Manor, W.7.

Testing grain

From Professor T. Oxley

Sir,—John Cherrington, in his usual forthright way (December 22) puts his finger on a real problem for cereal farmers when he points out that loads of grain may be refused by buyers on the basis of tests which inevitably give variable results from time to time. He refers principally to the Hagburg test for gluten quality in milling wheat and also to nitrogen content in barley of potentially malting quality. He might equally have referred to moisture content which is a limit commonly invoked by buyers as a ground for rejecting a load.

The trouble is that it is a buyer's market. The buyer has all the cards on his own side when it comes to the Hagburg and nitrogen tests, because the farmer is very unlikely to have the means for making these tests. So he cannot argue. But because nearly every farmer has a meter of his own, he is in a stronger position over moisture tests. Here the buyer must fall back on the highly questionable contention that his instrument is "correct" while the seller's, probably being of a more or less portable kind, is "wrong." Differences between buyer and seller can arise from differences in sampling, which can introduce bigger differences in moisture than in nitrogen or Hagburg.

For his own protection a farmer should always take as comprehensive a sample as he can of each parcel of grain, preferably at least a pound, and keep it in a sealed jar or a thick polythene bag. He should try to see how the buyer samples his load, insisting on comprehensive sampling, and he should produce his own sample and bring his own moisture meter. If there is any dispute, his own meter, properly used, is likely to be quite as reliable as the buyer's instrument.

T. A. Oxley,
Protimeter.
Meter House,
Fieldhouse Lane,
Marlow,
Bucks.

Managing traffic

From Mr. H. Dykes

Sir,—The very interesting and balanced article on the Berkshire heavy lorry controls around Windsor by Mr. Griffiths (December 29) slipped somewhat only in its references to the Act which I introduced in 1973. It is not accurate to say that hardly any other local authorities have used the Heavy Commercial Vehicles Act to curb juggernauts in environmentally sensitive areas.

A recent official answer from the Department of Transport showed that over 400 local control schemes—of one kind or another—have been introduced up and down the country since the Act came into force.

Of course very few of these have banned access completely; and there are always exceptions for particular types of heavy vehicle. But they are still mandatory in the fullest sense. The large number of width restrictions which now exist in residential roads are one example of an increasingly used control system.

Certainly though, the court judgment for Berkshire's bold scheme does pave the way for greater courage and imagination by other local authorities with traffic management powers, including Greater London Council.

Hugh Dykes.
House of Commons, SW1.

Windsor cordon

From Mr. R. Turner

Sir,—It is important to correct an error in your article, "Juggernauts at Bay" (December 29). Contrary to your report, the Freight Transport Association, Road Haulage Association, and the National Farmers' Union have not yet made a decision on whether or not to appeal. The merits are yet to be considered in the light of the judgment on December 21 and subsequent advice from counsel.

As far as FTA members are concerned, they will have to assess the implications of a decision which gives total administrative control to local authorities to ban commercial vehicles "as they see fit" and circumnavigate their rights as road users to object to schemes that deny reasonable access for their delivery vehicles. The lorry transport services on which trade, industry and the community rely, will now increasingly be subject to a further layer of bureaucratic control on vehicle movement. The day-to-day decisions made by Berkshire (and otther local authorities if they follow their lead) on the issue of permits for deliveries will have immense commercial implications.

Notwithstanding the legal arguments, the Windsor cordon marks a watershed for lorry control measures. It is the first large-scale lorry ban to be introduced by any local authority without suitable alternative routes. The delight of Windsor residents is equalled by the displeasure of people living in Slough and Staines where the lorry traffic has been diverted. This will remain the situation until the M25 is built or the scheme is taken out.

Meanwhile, trade and industry is picking up the annual £500,000 bill for this giant game of "pass the lorry." But the residents of Windsor need not worry too much for it will not be them who will be asked to pay—but the rest of us!

R. K. Turner
(Controller, Planning and Traffic Services).
Freight Transport Association,
Hermes House,
St. John's Road,
Tunbridge Wells, Kent.

Root cause of inflation

From Mr. C. Economides

Sir,—I am afraid, Professor Dudley Johnson (December 20) like other monetarists, commits the fallacy of *post hoc, ergo propter hoc*, in arguing as he does that the root cause of inflation is the high growth in money supply, and that "the only way to eliminate inflation is to reduce over time the rate of monetary growth and the growth in the Government sector."

The money supply changes that Professor Johnson quotes from the Federal Reserve Bank of St. Louis to support his case, actually refer to "the narrow definition of money (M1)—currency held by the non-bank public plus demand (or current account) deposits" (See the St. Louis Bank's bulletin "International Economic Conditions" dated September 27, 1978). It is of course a commonplace that the amounts of currency notes in the hands of the public and the credit balances of current (or checking) accounts vary more or less proportionately to the price level. It would obviously be absurd however, to argue that inflation is brought about by the increase in the amount of currency notes and the balances in current accounts (and not vice versa), and that the prices, for instance, in supermarkets in Britain to-day, would not have been, as they actually are, twice as high as five years ago, if only the Government had somehow managed to restrain the growth in the total amount of the circulating currency and the current account balances.

In this connection, I would point out that the currency in circulation can be increased (or decreased), according to the needs of the public, and without restriction, by the debit (or credit) of personal or business current accounts and of bankers' deposits at the Bank of England, and the credit balances in (non-interest-yielding) current accounts can be increased (or decreased), according to the needs of the public and business, and also without restriction, by the reduction (or increase) of interest-yielding deposit accounts and other financial assets. Thus, changes in the money supply (M1) are basically induced by changes in inflation rates and the consequent personal and business needs, and not the other way round.

Also, it seems to me totally unrealistic, in circumstances of present-day world-wide stagflation, to argue as Professor Johnson does, that inflation can be explained by "the simplest theory of too much money chasing too few goods" and that it could be cured by restraining the growth of M1.

Even if one considers money supply in its wider definition (M3), experience of the past five years has shown that cutting money supply growth and Government sector expenditure is a medicine which attacks less the disease and more the health of the patient—it ameliorates somewhat inflation but at the same time it worsens stagnation.

Stagflation of the past five years is I think too complex a phenomenon to be explained or cured by the simplistic theory and prescription of monetarism.

Chris Economides
PO Box 1632,
Nicosia, Cyprus.

Today's Events

GENERAL

Mrs. Margaret Thatcher, Conservative Party Leader, opens London International Boat Show, Earls Court, 11 am.

Access, the bank credit card group run by three of the big four banks, increases interest rate charges to its 3.6m holders from 1½ per cent a month to 2 per cent.

Private haulage lorry drivers strike continues.

Sig. Emilio Colombo, President of the European Parliament, continues visit to China.

China's vice premier Li Xiannian, on tour of Africa, including, Tanzania, Mozambique, Zambia and Zaire.

Sir Kenneth Cork, Lord Mayor of London, attends luncheon with chairman and directors of Lloyds Bank, 71, Lombard Street, EC3, 1 pm.

Institution of Civil Engineers, lecture and film programme for young people "Channel Link—Bridge or Tunnel?," Great George Street, Westminster, SW1, 2.30 pm.

COMPANY RESULTS

Final dividends: Birmingham Pallet Group. Bond Street Fabrics. Interim dividends: British Cinematograph Theatres. Fodens. Hollis Bros. and ESA. Linford Holdings. F. H. Tomkins.

COMPANY MEETINGS

Jessups (Holdings), Winchester House, 100, Old Broad Street, EC, 12. Peachey Property Corporation, Winchester House, 100, Old Broad Street, EC, 11.

SPORT

Tennis: King's Cup (Great Britain v Hungary), Sheffield, 7 pm. Braniff Airways World £100,000 men's doubles championship continue, Olympia, London, 2 pm. British Junior Covered Court Championships continue, Queen's Club, London, 9.30 am.

Athletics: Statement by National Dairy Council on schools athletics.

CITY OF LONDON LUNCH-TIME MUSIC

All Hallows-by-the-Tower, organ recitals by Professor Gordon Phillips, 12.15 and 1.15 pm. St. Olave, Divertissement Melodieux—anthology in words and music, 1.05 pm. St. Botolph, Bishopsgate, cello recital, Joanna Shuttleworth, 1.10 pm. St. Giles, Cripplegate, organ recital, Ian Le Grice, 1.10 pm. St. Mary-at-Hill, Bach Cantata series, director, Peter Lea-Cox, 1.15 pm.

UK COMPANY NEWS

Good second half boosts Thos. Ward to £11.8m

A SECOND-HALF profit of £7.15m against £4.32m lifted taxable profits of Thomas W. Ward to a record £11.83m for the year to September 30, 1978, compared with a previous £7.61m, a rise of 55.5 per cent. Turnover was up from £242.7m to £252.3m.

At halfway the directors reported profits of £4.69m (£3.29m) and said they expected second-half figures to exceed those of the first. They now state they are aiming for a higher net profit in the current year, subject to unforeseen circumstances.

Basic earnings per 25p share are shown as 11.9p (7.3p) and 10.8p (6.9p) fully diluted and, with Treasury approval, the dividend is stepped up to 4.735p (4.08375p) with a net final payment of 3.085p.

	1977-78 £000	1976-77 £000
Turnover	252,347	242,720
Group	226,930	220,713
Associates	25,417	22,007
Profit	11,639	8,363
Share of associates	3,177	3,170
Making	14,816	11,533
Iron and Steel	2,760	1,887
Construction	7,160	6,103
Engineering	1,280	572
Motor vehicle distr.	2,295	1,872
Indust. services	1,321	1,098
Interest	2,985	3,924
Profit before tax	11,831	7,609
Tax	5,688	3,824
Net profit	6,143	3,785
Minority losses	16	19
Earnings	6,159	3,804
Extraord. credits	†1,645	31
Attributable	7,804	3,835
Interim dividend	856	632
Proposed final	1,600	1,487
Retained	5,348	1,716

† Rationalisation £1.1m and share of associates' profits on sale of shares 0.5m.

The directors say that there was a second-half improvement in scrap deliveries and prices and a further improvement in cement deliveries.

Losses in the engineering division were eliminated and there was a strong demand for new vehicles.

Interest costs were reduced by lower rates and cash generation.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Camford	2.51	—	2.23	3.99	3.57§
City of Lon. Byr. 2nd int.	0.69	Feb. 28	0.6	—	2.76
Technology Inv. Tst. int.	1p‡	Feb. 2	—	—	2.6
T. W. Ward	3.09	—	2.87	4.74	4.08
Wilson Walton ...... int.	Nil	—	1	—	3.19

Dividends shown pence per share net xecept where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For the first time. § Plus additional 0.03p.

Sales rise for Matt. Brown

MODEST sales gains in the first two months of the current year are reported by Mr. C. J. Ainscough, chairman of Matthew Brown and Co., brewers. He adds that the inevitable rises in costs since the company's most recent beer price increase last February are bringing the next one ever closer.

With a healthy cash position and vigorous cash flow, the group expects no problems in financing improvements. The company's intentions of continuing to increase its share of the trade make further significant improvements in the brewery necessary.

It is anticipated that £5m will be spent over the next four years on adding to and replacing old fermenting and storage vessels, resiting and refurbishing the racking plant, and probably the wines and spirits departments. New facilities for the loading and unloading of draught beer casks and canisters are expected to be established.

A substantial investment has just been started to expand the company's successful Trafalgar complex between Preston and Blackburn. Although this extension will not be ready in this financial year, the chairman says other smaller projects will be increasing the contributions from the Wilkinson (Haighton) subsidiary.

Wilson Walton down £0.24m midway and misses interim

WITH TAXABLE profits more than halved from £457,000 to £219,000 for the first half of 1978, on turnover of £7.53m against £7.32m, Wilson Walton Engineering, fabricator of marine, offshore and industrial structures, is not paying an interim dividend, compared with 1p net last time.

Half-yearly earnings were down from 4.4p to 2.1p per 10p share—for 1977, payments totalled 3.185p from 8.4p earnings.

Although the company has been extremely active in offshore hook-up and maintenance work during the period, profits were hit by the depressed state of fabrication activity in the yard, due to a lack of major contracts.

This level will be maintained to the year-end, but the directors feel the industry is set for a higher level of activity in 1979 and the company is well placed to benefit.

When reporting on record £883,000 pre-tax profits for 1977, the directors said the figure took account of the then present status of negotiations on two major contracts, whose total value was estimated at £10.5m, of which £8.3m had already been settled.

They now state that further sums of money have been received on account but there are still outstanding matters to be finalised.

At this stage, they say it is evident that discounting of the company's considered final position on these contracts will take place, due to a need to conclude these matters as a result of pressures on cash flow.

An adjusting item to reflect the final discounted position will therefore be made in the current year's accounts.

Net profits for the six months were lower at £105,000 against £219,000 after tax of £114,000 (£238,000). Last year's interim absorbed £52,000.

See Lex

HUME SHARE CONVERSION

HUME HOLDINGS announce that holders of 307,497 "B" shares of 25p each have converted their holdings to a similar number of 25p "A" shares as at December 31, 1978. The conversion of these shares, representing about 21.7 per cent of the "B" shares, leaves a balance of 1,108,275 in issue.

Profits jump 91% at Radio City

Pre-tax and pre-secondary rental profits of Radio City, the Liverpool-based Independent Local Radio Station, increased by 91 per cent to £403,800 in the year ended September 30, 1978.

The annual report shows that, in the year, revenue increased by 31 per cent from £1.24m to £1.63m and expenditure increased by 19 per cent from £1.03m to £1.23m. For the first time, the company became liable to secondary rental (£66,400), levied by the IBA, and Corporation Tax (£95,300), leaving a net profit of £242,100.

NEW LIFE BUSINESS

Strong pension growth at SWF

A RECORD year for new life business in 1978 is reported by Scottish Widows' Fund and Life Assurance Society. New annual premiums for assurances and annuities, including group permanent health and pension schemes written on the main fund, rose by 33 per cent to £25.5m from £18.7m.

The company, in common with most other leading pension companies, experienced strong growth in group pensions business following the introduction of the new State pension scheme. New annual premiums on group pensions business jumped by more than 50 per cent from £9.6m to £14.8m.

The active house purchase market last year also resulted in buoyant sales of low cost endowment assurances. Sales of the new unit linked Sw Plan 10 Plan 10 were good.

The pensions management subsidiary, Bensons Management (SWF), which provides investment management services to pension schemes through a unitised managed fund, showed even stronger growth with the introduction of the new state pension scheme. New annual premiums tripled to £12.4m from £3.8m, while new single premiums were nearly five times higher at £11.9m against £2.1m.

Not only did a number of existing clients switch their funds from insured to managed, but the fund had a larger number of new clients using its services and certain existing clients increased the proportion of funds invested in the subsidiary.

New single premiums on ordinary life and pension business remained static at £7.5m as did total subscriptions to the Society's exempt unit trust amounting to £6.9m New sums assured jumped by 29 per cent from £581m to £750m and new annuities were 65 per cent higher at £2.05m per annum against £124m.

New annual premium growth of 33 per cent last year is reported by Royal Insurance, amounting to £23.3m compared with £17.5m in the previous year. The company, a leader in the mortgage repayment market, recorded a 33 per cent rise in its sales of low cost repayment contracts.

A substantial increase in sales of pension and retirement plans for directors, key employees and the self-employed were other main features in the growth pattern, while group pensions business following the new State pension scheme start last April showed a significant increase. New annual premiums on group pensions business were over 60 per cent higher at £7.5m compared with £4.6m.

Pearl writes £603m

The Pearl Asurance Company last year saw a 41 per cent growth in new annual premiums for life assurance contracts and annuities. These amounted to £31m in the combined ordinary and industrial branches compared with £21.9m in 1977. Single premium and annuity considerations nearly doubled to £12.2m against £6.4m. These premius provided for total sums assured of £603m against £533m and annuities per annum of £40.1m compared with £13.4m.

Business in the ordinary branch was especially buoyant with new annual premiums 54 per cent higher at £14.2m (£9.2m) growth in this branch came from two particular sectors: new annual premiums on self-employed pension contracts jumped to nearly £5m last year (nearly £1.9m in 1977), following the tv campaign advertising these contracts.

The other sector showing outstanding success was the linked life subsidiary Pearl Assurance (Unit Funds). This company early last year substantially expanded its field staff employing trained personnel in this particular branch of life assurance. As a result new annual premiums jumped from £255,000 to £1.3m and single premiums to £5.3m against £1.2m. Slightly more than half the investment was in the managed fund with most of the remainder being in the property fund.

In the Industrial branch, new annual premiums were 32 per cent higher at £16.8m against £12.7m. But the figures for 1977 were very much affected by an industrial dispute involving the agency staff.

The Co-operative Insurance Society reports a 23 per cent increase in new annual premium income last year from the life department (combined ordinary and industrial branches) amounting to £28m against £22.8m in 1977. New sums assured were 12.5 per cent higher at £814m against £723m.

Buoyant new business in both the ordinary and industrial branches for 1978 is reported by the Refuge Assurance Company. In the industrial branch new annual premiums were 16.5 per cent higher at £7.7m compared with £6.6m, with new sums assured amounting to £113m against £101m.

In the ordinary branch, new annual premiums rose by 23 per cent from £2.49m to £3.06m but single premiums declined to £580,000 against £629,000. New sums assured were £92m against £74m and new annuities totalled £940,000 compared with £656,000.

Bonus declarations

Record rates of reversionary bonus for the two years ending December 31, 1978, have been declared by Yorkshire-General Life Assurance Company, the life company in the General Accident group. On its current series of life and endowment contracts the rate is lifted to £56 per £1,000 sums assured (the basic death cover) from the previous rate of £52 per mille.

On progressive personal pension policies and single premium deferred annuity pension schemes the new rate is £68 per £1,000 of basic annuity and attaching bonuses compared with £60 per mille. On "1970 code" annual premium schemes, the new rate is £56 per mille compound against £50.

However, the company is not changing its rates of terminal bonus paid on death or maturity claims or when an annuity contract vests. On life policies, other than "1970 code" assurances, the rate remains at £8 per £1,000 of sum assured and attaching bonuses for each year in force as a with-profits policy, less three years up to a maximum of 30 years. On pension policies, the rate is 10 per cent of all declared and interim bonuses attaching to the basic benefit.

Interim reversionary bonuses will, for the time being, continue at the same rate as the new declared rates.

Record levels of reversionary bonus have also been declared by the Medical Sickness Annuity and Life Assurance Society for 1978. On life contracts the new rate is lifted to £4.30 per cent of the sum assured and existing bonuses, from £4.15 per cent. However the terminal bonus rate is maintained at 25 per cent of all existing bonuses.

On personal pension policies, the rates have been increased as follows: (a) where a pension is not yet payable then an addition of £5 per cent to the total basic pension plus bonuses previously allocated and (b) where the pension will commence during 1979 a vesting bonus of 47 per cent of pension plus bonuses is paid.

The rates of bonus on sickness and accident policies have been maintained at the curent record level.

Rank's refunds £29m Canadian borrowings

Rank City Wall Canada, the Rank's Organisation's Canadian property arm, is to refund C$70m (£29.3m) of its local bank borrowings by the issue of Variable Rate Redeemable Preferred Shares.

Rank is now seeking Exchange Control consent for the issue, which will be subscribed by an unnamed Canadian chartered bank. Further details of the issue and its effects upon the gearing and interest costs of the Canadian subsidiary await publication of the group's 1978 results, which are due to be released before the end of the month.

Debt restructuring through the issue of Variable Rate Redeemable Preferred Shares will enable Bank City Wall to take advantage of accumulated tax losses. The subsidiary, which holds a £70m to £80m portfolio of commercial property in Canada, will pay the subscribing bank interest at a rate linked to Canadian rates plus a small margin, but net of tax.

MLM PROGRESS

Mr. John M. Meyer, chairman of Montague L. Meyer, told employees that he expects the results for the current year ending March, 1979 to be considerably better.

The interim results announced in December showed that trading and profits improved by 11.5 per cent and 6.6 per cent respectively and Mr. Meyer then said, "this steady upward trend is continuing despite higher interest rates."

Samportex shows 5.4% decline

Samportex, the food distributor which revised its annual accounts last year after discovering two errors, yesterday reported a modest 9.4 per cent rise in sales to £2,283,339 in the six months to October 31 and a 5.4 per cent drop in pre-tax profit to £129,446.

The factors behind the results are the increased pressure on net margins and the performance of the delicatessen sector, which is increasing sales but not yet making its budgeted profits.

The share price slipped 2p to 62p on the news despite a relatively optimistic statement from the directors that they had reason to believe that confectionery will hold up in the second half.

BIDS AND DEALS

BSG expands commercial aviation activities

BSG International is expanding its interests in the commercial aviation market through the purchase of a subsidiary of Herman Smith, the engineering group.

BSG is buying Herman Smith's special products subsidiary for £450,000. The subsidiary manufactures inserts for aircraft galleys such as ovens, water heaters and boilers, coffee makers, meal storage containers, and trolleys.

In its last financial year, ended June 30 1978, the special products subsidiary turned in pre-tax profits of £81,290. Net assets stood at £438,096.

In its last financial year BSG's aviation packaging interests achieved pre-tax profits of about £150,000.

BSG also announced that one of its directors, Mr. G. King, had resigned from the Board.

BP CHEMICALS

By Kevin Done

BP CHEMICALS has completed negotiations for the purchase of Monsanto's polystyrene business in the EEC at a cost of about £20m.

The agreement brings to an end nearly nine months of negotiations between the two companies and follows closely on the completion of another major chemicals deal between BP and Union Carbide.

BP has been anxious to diversify its chemicals operations in Europe. It has suffered badly during the past 18 months of depressed trading in the chemicals industry, because of its heavy concentration in base petrochemicals.

Both the Union Carbide and the Monsanto deals will give BP Chemicals assured access to a large captive market for its basic products and also access to some specialist plastics technology.

BP Chemicals has also bought out Monsanto's one-third stake in Forth Chemicals, which operates a styrene monomer plant at Grangemouth, Scotland. Styrene monomer is used in the manufacture of polystyrene, a bulk plastic. BP already holds a two-thirds interest in Forth Chemicals.

Monsanto will continue to operate its polystyrene plants at Newport, South Wales, but on behalf of BP.

● Imperial Chemical Industries has signed a licence agreement with Du Pont covering the U.S. company's patents and patent applications for plastics bottles for carbonated drinks.

The licence is for bottles manufactured from biaxially oriented polyethylene terephthalate (PET). It grants ICI rights to license its PET customers to manufacture and sell the bottles. The royalty rate is 2 per cent based on the price of PET resin.

KEAN AND SCOTT SHARE DEAL

THE CHAIRMAN of Kean and Scott and certain business associates have sold 214,782 shares in the furniture retailing and manufacturing company for not much more than a third of the current market price.

They have sold the shares at 10p each to Mr. Mostyn Levein "to ensure that he obtains effective control."

Kean and Scott's chairman, Mr. Stanley Willson had concluded that the company's future would be enhanced with Mr. Levein as controlling shareholder.

Mr. Levein has built up a household textile business and intends to develop the retailing side of Kean and Scott by adding household textiles to the range of gods sold.

Under the Take-over Code Mr. Levein has to bid for the rest of Kean and Scott at 10p per share. Shareholders are advised by their board to take no action on this offer for the present. The board draws shareholders' attention to the much higher price of the shares in the market.

The 214,782 shares Mr. Levein has bought represent about 51.14 per cent of the ordinary capital but onlwy 42.96 per cent of the voting rights. Arrears of dividends on the preference shares mean that these have full voting rights.

The chairman and family trusts provided 80,916 of the shares. No other director of the main board participated in the sale but Mr. A. A. P. Southal, director of a subsidiary, with his family trust, sold 68,816 shares.

SABAH DENIES LAND DEAL REPORT

Sabah Timber has denied a newspaper report that it is negotiating for a concession for 36,000 acres of agricultural land in Sabah. The report intimated that such a concession might be relevant to the offer by Harrisons and Crosfield for the outstanding minority of Sabah Timber.

Mr. J. McLeod, chairman of Sabah Timber, acknowledged that the Harrisons and Crosfield group as a whole had discussed the possible development of this land. But the Sabah Foundation, which controls the land, had not been in touch with the group about the matter for over a year. The subject was dormant if not actually dead.

In any case, Sabah Timber would probably not have had an equity stake in the project, he said. The leading companies in development of the land would have been other subsidiaries of Harrisons and Crosfield. Sabah Timber would have only helped with the logistics.

NEWMAN—TONKS

Newman-Tonks will pay a maximum of £2m for the acquisition of Rothley Brass. The purchase was first announced on December 15

Rothley Brass, based in Wolverhampton, supplies decorative brass hardware to the retail trade. It made pre-tax profits of £302,000 in 1977 and is estimated to have made at least £478,000 in 1978. Its net tangible assets are about £900,000.

The price will be four times Rothley Brass' 1978 pre-tax profits up to a maximum of £2m. Of this, £1m has already been paid through the issue of 1,567,862 shares of Newman-Tonks. Arrangements have been made to place these shares with institutions. The balance is payable in cash on June 29 or seven days after the issue of the 1978 accounts, whichever is the later.

Trading for the current year is "satisfactory" according to the chairman, Mr. M. L. B. Wright. The Board intends to recommend dividends totalling 4.45885 for the current financial year, an increase of 10 per cent.

Camford 39% up at £2.25m

PRE-TAX profits of Camford Engineering jumped by nearly 39 per cent from £1.62m to £2.25m in the year to September 30, 1978 on turnover ahead £4.18m to £29.26m.

The profit was struck after associate losses of £2,000, compared with £100,000 the year before.

After tax of £263,000 (£268,000) and an extraordinary credit of £33,000 (£79,000 debit) attributable profit comes out well ahead at £2.02m, against £1.27m.

The final dividend of 2.51p net per 10p share makes a total of 3.99p (3.57p). There is an additional 0.03p for 1977. Stated earnings per share are lifted from 9.61p to 12.07p.

The directors say no charge has been made for tax amounting to £1.34m on the profits for the year deferred by stock appreciation relief and accelerated capital allowances. They do not anticipate this will become payable in the foreseeable future.

Tax charge includes ACT of £415,000 (£241,000) written-off, including £101,000 previously set against Corporation Tax liabilities of £151,000, now eliminated by allowances arising in the year.

● comment

Against what was generally an unexciting year for motor component manufacturers, Camford Engineering's two-fifths profit rise is impressive: the company has now seen 14 years of unbroken growth. Roughly 75 per cent of sales go to the car, commercial vehicle and agricultural equipment industries but within these there is a very wide customer and product base. Margins have increased by more than a point to 7.7 per cent, partly thanks to lower start up costs. The trading improvement, however, has been felt all round while the associate exhaust system venture should soon reach full production and break into profit. There are a few worries in the current year with the Ford strike and a more difficult market for trucks where Camford is quite heavily exposed. Further penetration, however, is planned in the European and U.S. markets and while borrowings are up on the last balance sheet's £4.3m (against shareholder's funds of £10.5m), most of the heavy capital spending is now complete and gearing should not be a problem. At 67p the shares are on a p/e of 5.3 (against 5.8 for the motors and distributors index) and yield an above average 9.2 per cent.

● NEWS ANALYSIS — NORCROS BID

Johnson-Richards reaps investment benefits

BY ANDREW TAYLOR

The bid overture for H. and R. Johnson-Richards Tiles announced yesterday by Norcros comes just seven months after Hepworth Ceramic abandoned its takeover attempt *in the face* of a Monopolies Commission investigation.

The Johnson-Richards tile empire now controls around 60 per cent of the UK ceramic tile *market, which has undergone* a number of significant changes since H. and R. Johnson merged *with Richards-Campbell Tiles* in 1968.

Ten years ago tiles were mostly white and were largely to be found in bathrooms, toilets and kitchens—today tiles come in all types of design and shades of colour while the increase in do-it-yourself and home improvement work, has created a brand new market for tile manufacturers.

The move towards decorative tiles was originally led by overseas manufacturers which have been steadily increasing their share of the UK market.

As a result Johnson-Richards has had to spend heavily to maintain its dominance, in the face of *these new* designs and products. In the five years to March 31, 1978 the group had *spent* £18.5m largely on improving its product range and manufacturing techniques.

The fruits of this investment began to show through last year when in the 12 months to March 31 pre-tax *profits* rose by 45 *per* cent to £5.5m.

The shift from basic non-decorative tiles to a much broader product range has coincided with a boom in DIY work and more recently larger-scale home improvements financed by second mortgages.

This has to some degree helped Johnson-Richards over the world wide slump in original construction work—which led group profits to stagnate throughout the *mid-1970's*.

Mr. Alec Done, chairman of Johnson-Richards, says the group's sales pattern has changed in the intervening years with much greater emphasis now placed on the DIY and *home improvement market*.

Last year the volume of general repair, maintenance and home improvement work is estimated to have risen by around 14 per cent while industry experts estimate that British householders spent a record £1bn on DIY products.

As a result the City is expecting Johnson-Richards to show a further significant profits improvement when its interim figures—due next week—are announced.

However, the group is facing increasing pressure from overseas *manufacturers* which, according to the group, have increased their share in the UK market from *less than* 10 per cent in 1974 to currently around 20 per cent.

In the six months since the Hepworth bid was abandoned Johnson-Richards' share of the UK market has declined by around 5 per cent.

Hepworth, when it abandoned *its bid, said that* to delay for 12 months while the Monopolies Commission concluded its investigation would only favour foreign competitors—notably in Spain and Italy.

Johnson-Richards, however, says that volume sales were increasing last year — after several years of stagnation — despite the increased pressure from overseas.

More importantly the switch to decorative tiles commanding bigger profit margins has continued to boost group earnings. One City analyst estimates that group pre-tax profits in the current year may be around £6.6m.

Prospects for 1979 in the current financial uncertainty however look less exciting. Second mortgages are becoming more difficult to negotiate while DIY products may come under some pressure *if* the squeeze on disposable incomes is resumed.

Meanwhile, Norcros still has to *overcome opposition from the* Johnson-Richards Board while there is still the hurdle of a possible monopolies probe to be cleared.

The decision by the Department of Prices and Consumer Protection to refer the Hepworth bid for investigation was based on Johnson-Richards dominance of the UK tile market and Hepworth's virtual monopoly of the vitrified clay pipe market.

A merger according to the Department would have created a group with a strong position in supplying clay based products to the construction industry.

Another factor which would have concerned a monopolies investigation would have been the common pricing practices operated — with official approval since 1964 — by Johnson-Richards and other UK tile manufacturers.

Norcros, however, says that Johnson-Richards would complement its existing construction and consumer product interests. These include pre-stressed concrete, air conditioning products, metal window frames, double glazing and the Hygena range of kitchen and bedroom furniture.

A key to any bid however will be the reaction of London Brick, controlling a near 10 per cent stake, and which has already indicated its wish to sell this interest, along with other family shareholders controlling between them around another 15 per cent of Johnson-Richards shares.

Bass Charrington gets off to good start

THE CURRENT year has got off to a good start, says Mr. Derek Palmar, chairman of Bass Charrington, in his annual report.

He adds that provided they can maintain the good relationships established throughout the group and ensure uninterrupted supplies to customers, they *should make further progress* this year.

Sales were seriously affected by *three major unofficial stoppages* in the early part of the last financial year, and by the below average summer weather.

Consequently, earnings from trading operations were less than originally planned, says Mr. Palmar.

But the surplus on property sales and investments was significantly more than last year which helped to produce a satisfactory out-turn for the year.

Last year the group pushed up pre-tax profits from £90.4m to £105.5m. The surplus on property and investment sales went up from £3.6m to £9.5m.

Mr. Palmar adds that they have established closer relationships throughout the group by better communications, consultation and involvement at the place of work.

Encouraging progress has been made after the introduction of schemes for rewarding observance of procedure and other increases in productivity. There have been very few unofficial stoppages since these agreements.

The group will examine how it can further improve working conditions and continue to reward increased productivity.

It has also continued its policy of investing cash flow in extending brewing capacity, improving the licensed estate, acquiring new outlets and improving the employees' social amenities.

The expansion of the maltings at Burton and Alloa, and installation of a packaging plant at Mechelen are on schedule and should be completed this year.

In November the group completed the "pub swop" scheme with Courage. Bass Charrington gave up 122 houses and received 134 new houses.

The company's estate totals 8,477 pubs of which 2,636 are managed and 5,841 tenanted, and 885 off-licences of which 534 are managed and 351 tenanted. During the year there were 378 disposals and 36 new pubs were built or leased. Major improvements were made to 44 properties.

The new lager Hemeling Lite, which has now been launched nationally as a draught lager, has achieved a notable success and the extremely favourable consumer response indicates that *it has a very bright future*.

The main lager brand Carling Black Label also increased its *sales and the improvement* in regional draught beer sales has continued.

A new company—Bass Sales—was formed to specialise in sales in the rapidly expanding grocery trade. The group's share of this market is now in line with its national share of the beer market and the company believes it has excellent opportunities for growth in this area.

A current cost revenue statement based on Hyde guidelines shows pre-tax earnings at £64m. This was after adjustment for depreciation of £20m, cost of sales £8m and cost of borrowing £11m. There was a gearing adjustment credit of £6m.

Mr. Palmar says that at the annual meeting a special resolution will be proposed to change the company's name to Bass. The reason is to give Charrington and Company a clearly separate identity as the operating company for the South East and London.

Meeting Grosvenor House, W1, Thursday, January 25 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Fodens, Hollis Brothers and ESA, Howden Group, Linfood, F. H. Tomkins.

Finals—Birmingham Pallet, Bond Street Fabrics.

FUTURE DATES

Interims—	
Black (Peter)	Jan. 10
Boardman (K. O.)	Jan. 12
Challenge Corporation	Feb. 28
Cray Electronics	Jan. 19
RFD Group	Jan. 9
Finals—	
Caplan Profile	Jan. 8
Trident Television	Jan. 16

MINING NEWS

Record Krugerrand sales in 1978

BY KENNETH MARSTON, MINING EDITOR

POSSIBLY BECAUSE of caution in front of the U.S. Treasury's doubled offering of 1.5m ounces *of gold* at its last monthly auction on December 19, sales of South Africa's one-ounce Krugerrand *gold coins fell* to 584,431 in December from 921,396 in November. Even so, total sales *for 1978 were brought to a record* 6m coins compared with 3.3m in the previous year. Since 1970, *700.5 tonnes of gold have been* sold in the form of these coins.

As already reported, fears about the *market's capacity to* absorb the big U.S. offering were dispelled when it was learned that bids were received for some 2.7m ounces. Since then the bullion price has moved higher, closing in *London* yesterday at $219½ per ounce.

Krugerrand sales account for about one quarter of South Africa's production which is running at approximately 700 tonnes a year. The other major supplier of gold is Soviet Russia with an annual output estimated at some 400 tonnes. But industrial demand, alone, for gold is reckoned to have expanded to 1,200 tonnes *in* 1978.

A major sustaining factor in the high industrial demand for gold is the *fact* that in terms of strong currencies, such as the Swiss franc and the Deutschemark, the bullion price has risen very little over the past two years.

In terms of U.S. dollars it has, of course, advanced from only $136 at the end of 1976, reflecting the weakness of that currency. Fortunately for the South African mines, their country's rand *is* tied to the dollar with the result that mine earnings have also advanced despite the accompanying rise in operating costs.

What remains to be seen is how well gold prices will perform this year in the face of continued U.S. offerings and those made by the International Monetary Fund; the latter auctions about 470,000 ounces a month.

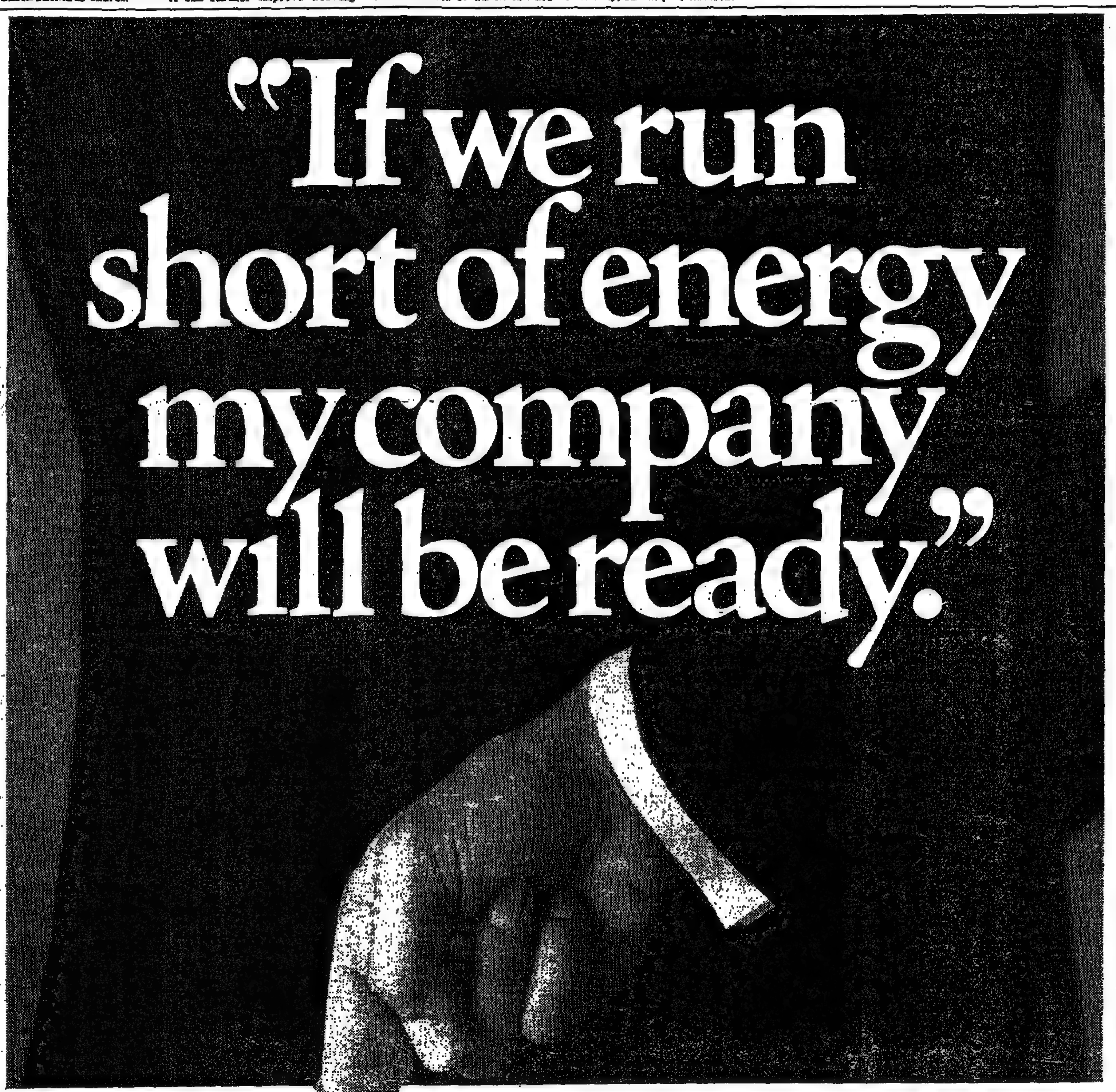
Any recovery in the U.S. economy would also exert pressure on gold prices, but they *are underpinned to some extent* by the European Monetary System plan to allow EEC central *banks to mobilise part of their* gold reserves at a market-related price in order to settle *transactions among themselves*.

BETTER OUTLOOK FOR MESSINA

A slight lifting of the clouds over Messina (Transvaal), the South African and Rhodesian copper mining and industrial group, comes with the chairman's comment that the company's dividend outlook is "more encouraging" than it was a year ago. But Commander HFP Grenfell adds that he cannot predict any immediate resumption of dividends.

He says in the annual report that the necessary phase of consolidation is under way but is still far from complete. Liquidity must be restored, the return on total assets must be raised and the debt burden reduced, he adds.

Last month Messina announced that instead of the second-half recovery that had been expected losses had continued. While mining operations had made a profit, the industrial and financial interests had been subject to losses and write-downs with the result that Messina's overall results for the year to September 30 showed a net loss of R6.42m (£3.64m) against a previous year's profit of R2.75m. The shares stand at 62p.



Kleber to cut loose from Semperit

BY TERRY DODSWORTH IN PARIS

A FURTHER significant change in the shape of the hard-pressed European tyre industry is expected to come from France in the next few weeks.

The possibility of Kleber cutting loose from the Swiss holding company that links the French group with Austria's leading tyre maker, Semperit, is strongly suspected in continental financial circles.

For several months now there has been speculation about the future of Kleber, the country's second largest tyre producer, and a heavy loss-maker over the last three years. There has been intense activity in its shares, and the company has now indicated that it is likely to make a statement shortly about its future after discussions among its principal shareholders.

The peculiarity of Kleber is that it is effectively controlled by Michelin, the country's largest tyre manufacturer and probably the world's most successful producer over the last few years. But none of Michelin's glitter has rubbed off on to Kleber, which has run up a loss of almost FFr 50m ($12m) in the first half of this year. Now the signs are that Michelin, along with the other shareholders, wants changes.

Kleber is 50 per cent owned by a Swiss holding company, Semkler, which was set up in 1973 following a link with the Austrian tyre producer, Semperit. Semkler also controls 67.2 per cent of Semperit.

Semkler's ownership is split between Michelin, with 30.9 per cent, Credit Suisse with 14.1 per cent and the Creditanstalt Bank of Vienna with 55.1 per cent. It is generally accepted within the industry that Kleber responds to the Michelin tune in its commercial policies, and that the French company and Semperit have retained their autonomy vis-a-vis one another despite their links through Semkler.

However, the latest round of rumours suggests that these links may be about to be relinquished. They have been sparked off by new negotiations between the three Semkler shareholders, combined with suggestions that large parcels of Kleber shares have been bought by overseas interests.

On the face of it, there appear to be two main possibilities on the cards—either that Semperit and Kleber are merged completely, with the Austrian Government playing a significant role, or that Michelin takes on Kleber entirely and integrates it into its own operations.

In France, the prospect of a takeover by Michelin is being treated sceptically at present. Apart from its losses, Kleber is heavily in debt, and it clearly needs an infusion of new capital.

Michelin presumably could provide this, but in recent years the group's main ambitions have been and remain directed overseas. Given the disasters suffered in the European tyre industry over the last few years, and the clear signs that further reorganisation is essential, it would be taking on a considerable thankless task in bailing out Kleber.

At all events the Swiss holding company which controls the French and Austrian tyre groups appears doomed. Since its inception, it has rarely shown signs of proving successful. In 1975 Kleber and Semperit were forced to abandon plans for a join plant to produce truck tyres (it was to have been based in Lower Austria at a cost of FFr 250m) while more recently the company has declined into little more than a postal address.

The present slackness of the financial and trading links between Kleber and Semperit contrast strikingly with the ambitious plans unveiled when the deal was forged. Initially, Semkler was capitalised at SwFr 150m and was provided with additional reserves of SwFr 199m. It was hoped that the formation of a holding company would put the two tyre companies on a more equal footing with their larger competitors in Europe. One early result of the deal was that Kleber and Semperit merged their technological and commercial operations.

At the time Kleber and Semperit ranked firmly among the second line tyre makers in Europe in terms of combined sakew sales. But in line with the industry in general recent years have brought weak demand and mounting losses.

For the first six months of 1978, group turnover at Semperit was running some 5 per cent down on the opening half of 1977 and the company was clearly heading for losses similar to the Sch 99m ($6m) incurred during 1977. Moreover, the losses for 1977 were taken after substantial transfers from reserves. Semperit has not paid a dividend for four years.

● In Vienna yesterday, Semperit confirmed that it is discussing with Kleber the future of the two companies' cooperation agreement in the tyre sector. This was the only comment a Semperit spokesman would make.

Setback for takeover of FGB by Arab investors

BY DAVID LASCELLES IN NEW YORK

A GROUP of Arab investors who are being advised by the London-based Bank of Credit and Commerce International received a setback yesterday to their plans to buy Financial General Bankshares, the Virginia bank holding company.

Virginia state regulators recommended to the Federal Reserve Board that it reject the Arabas' application because it would be "inimical to the convenience and needs of the community."

Although regulators in other states (New York, Tennessee and Maryland) where FGB is active have yet to comment on the application, the Virginians' recommendation means the FED is obliged to hold public hearings.

This will almost certainly cause considerable delays, and could bring the Arab group beyond the court-imposed March 18 deadline for the takeover.

That deadline was set last year during litigation in which FGB and the SEC charged that the Arabs, who are also being advised by Mr. Bert Lance, President Carter's former budget director, were trying to gain control of the bank illegally.

As things stand at the moment, Mr. Lance and his Arab associates agreed either to buy FGB at $15 a share, or to sell the shares they already own. It was not immediately clear whether this deadline could be extended if a hearing is held.

Meanwhile, FGB is still fighting the proposed takeover in the courts, alleging that the Arabs have not properly disclosed who is behind it. The Arabs have said that Mr. Lance will have no role in the running of FGB if the deal goes through, and that no BCCI money will be used to finance the takeover.

However, the Arabs have also said in new court papers filed recently that a BCCI affiliate will own 4½ per cent of the stock of the company that is being created as a vehicle for the takeover, and that BCCI or an affiliate might put directors on FGB's board in their role as investment advisers

Esmil takeover lifts orders

BY CHARLES BATCHELOR IN AMSTERDAM

ESMIL, the environmental technology division of the Dutch-German steelmaker Estel Hoesche-Hoogovens, has acquired Stork Werkspoor Water.

Stork Water, until now a member of the VMF-Stork engineering group will become part of Esmil International. This acquisition means the Esmil group will have an order book of around Fl 80m ($41m).

Both Esmil and Stork Water are involved in all areas of water treatment including the manufacture of purification equipment for drinking, sewer and industrial water and desalination plant. The acquisition represents an important strengthening of Esmil's operations and an improvement of its position on international markets, the company said.

In July, Esmil announced it had begun talks with Stork Water aimed as possible co-operation. The acquisition fits in with Estel's policy of diversifying further out of steelmaking. It also represents a further step in the restructuring of the loss-making VMF-Stork group

● Algemene Bank Nederland's open-ended investment fund Alrenta, which was first quoted on the Amsterdam Stock Exchange on December 13 now has a total invested capital of Fl 92m ($47m). This follows the acceptance by more than 80 per cent of the participants in the ABN-Rentepool, a non-quoted fund, of ABN's share exchnage offer. The Rentepool, which has assets of more than Fl 40m is to be dissolved.

After the acceptances by Rentepool participants, ABN issued 320,000 Alrenta shares at Fl 100 per share. Alrenta—Algemeen Rentefonds Antillen—aims to put its funds into fixed interest securities, primarily those denominated in guilders. It is already well on the way to using up its total authorised capital of Fl 100m.

More funds for German oil exploration concern

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government has agreed to provide the oil exploration group Deminex with DM600m ($329m), either in loans or grants, over the three years to the end of 1981.

The accord just signed by the Federal Ministry of Economics continues the policy of State support for the group, founded in 1969, to help ensure West German direct access to crude oil reserves abroad.

With about DM1.4bn in State support already made available, Deminex is now beginning to see a clear economic return on its activities. The key benefit here comes from the Deminex stake of more than 40 per cent in the North Sea Thistle field, where production began last year.

Slowdown in exports at Dassault-Breguet

PARIS — Dassault-Breguet Aviation, the French military and civilian aircraft company, said the value of new export orders received during 1978 was below the record FFr 10.97bn ($2.64bn) recorded in 1977, AP-DJ reports.

Firm orders received by the company last year included 48 Mirage F1 fighters for the Spanish Air Force, 42 Alpha-jet trainers and ground support planes for three African countries, 76 of Dassault's Falcon 10, 20 and 50 executive jets, and 40 Jaguar fighters, which are built in cooperation with British Aerospace, for the Indian Air Force.

Sales in 1978 are expected to show a slight increase on the FFr 5.7bn achieved in 1977.

In a notice to shareholders, the company said that the French Government had exercised its option for the acquisition of a 21 per cent interest in Societé Marcel Dassault-Breguet Aviation under the terms of an agreement worked out in 1976.

The shares acquired by the Government at FFr 220 each have double voting rights, giving it a comfortable blocking minority. The remainder of Dassault's FFr 501.4m capital is held by Societe d'Etudes Marcel Dassault, a company controlled by the group's founder, M. Marcel Dassault.

● A further advance into the French market is being made by Richardson Merrell, the U.S. pharmaceuticals group, with the acquistion of the company called Vibert, a cosmetics company based at Lyon, writes Terry Dodsworth.

Richardson Merrell already has two pharmaceutical subsidiaries in France, Laboratoires Lachartre, at Strasbourg, and Merrell Toraude, at Bourgoin-Jallieu in the south-west.

The takeover of Vibert, a specialist in hair lotions under the Petrole Hahn name, is designed to give Richardson Merrell a broader base in Europe.

For Vibert, a small group with a turnover of Fr50m ($11.9m) a year, it should provide greater support for overseas expansion. The French group, which is reckoned to have 50 per cent of the hair lotion market in France, already distributes its products in more than 90 overseas markets.

Air Canada sees record year

BY VICTOR MACKIE IN OTTAWA

AIR CANADA, the government-owned airline, expects its profits for 1978 to be "substantially greater" than the record C$20m (US$16.60m) it made in 1977, the airline said yesterday. The state carrier earned C$50.6m after taxes in the first nine months of 1978, but fourth quarter losses, caused by a seasonal drop in traffic, will put the year's profit below that figure.

Mr. Claude Taylor, president of the airline, stated that higher earnings were largely attributable to sales of technology mainly computer service and maintenance, and improvements in the company's investments in short-term loans, foreign exchange management and a reduction in interest on long-term debts.

The return on investment was 8 or 9 per cent fractionally below the 1977 levels and inadequate to finance future needs, Mr. Taylor said. The recent suspension of a badly needed fare increase would make it difficult to generate funds on the scale required.

"As it is," he went on, "the operating profit earned is the result of intensive use of equipment and the company strategy of marketing surplus seats at bargain prices for those who can plan their travel in advance."

Although it was owned by the Federal government, Mr. Taylor said that Air Canada was a fully commercial operation whose future borrowings depended on its ability to make a profitable return on investment.

The total of passenger traffic grew 6 per cent in 1978. Domestic service saw limited growth, mainly in low fares services, and Air Canada plans to offer twice as many nighthawk seats and 16 per cent more charter class seats in Canada this year. Freight traffic in 1978 was up 12 per cent over 1977.

INTERNATIONAL CAPITAL MARKETS

Eurobonds fall on higher U.S. interest rates

By John Evans

THE EURODOLLAR bond market generally remained in retreat yesterday, overshadowed by concern about the continued rise in short-term U.S. interest rates. Price falls ranged up to a ½ point, with the professional market still reluctant to take new commitments

The strength of the dollar failed to stir any investor interest in bonds. Traders noted that heavy central bank support, particularly in Switzerland, appeared to be aiding the U.S. currency. However, in the dollar sector, the prospect of higher short-term rates created support for floating rate notes.

Meanwhile, Chemical Bank and Blyth Eastman Dillon, among the new names entering bond markets at the start of the new year, are reported to have begun their trading operations.

The Deutsche-Mark sector generally enjoyed a small advance. A large amount of reinvestment of funds, reflecting the maturing of issues and payment of interest, underpinned demand, traders said.

For the unveiling of the new year issue calendar in D-marks, Dresdner Bank is today launching a DM 70m bond for American Express International Banking Corporation.

The eight-year bullet issue carries an anticipated coupon of 6 per cent, with expected issue price of par.

Record yields expected for U.S. Treasury issues

BY OUR NEW YORK STAFF

CONTINUING pressure on interest rates was expected to produce record yields on two new Treasury issues due yesterday and today.

Bond market sources estimated early yesterday that the sale of one-year bills this afternoon would be discounted by about 9.6-9.7 per cent, producing a bond yield equivalent of about 10.5-10.6 per cent. This would be a record high. The last comparable issue last year was discounted by 9.32 per cent to yield 10.17 per cent.

Today's sale of 15-year bonds was expected to yield 9.10 per cent, again an all-time high. The yield on a comparable issue last October was 8.64 per cent.

These expectations reflected the continuing tightness of the credit markets, despite uncertainty in the past few days as to the Federal Reserve Board's targets for interest rates.

After rising to 12 per cent the day before yesterday, the key Fed funds rate dropped to as low as 7¾ per cent yesterday, but this was for purely technical reasons as banks adjusted their positions at the end of the Fed's banking week which runs to Wednesday. The Fed also supplied funds to the system by means of overnight repurchase orders.

Analysts said they believed the interest rate picture would become clearer today, with the opening of a new week.

$200m Brazil mining loan

BY OUR EUROMARKETS STAFF

BRAZILIAN State mining concern Companhia Vale do Rio Doce is raising a $200m 10-year loan in the Eurocurrency markets. The borrowing carries a spread of 1 per cent over inter-bank rates.

The facility will be privately placed by Chase Manhattan among a limited number of banks, and no general syndication is planned.

The Costa Rica oil company, Recope, is arranging a loan of $45m, on the basis of reported terms of 10 years and a spread of ⅞ per cent. Chase Manhattan has received the mandate.

National Bank of Abu Dhabi has arranged a $14m loan for Abu Dhabi Drilling Chemicals and Products Ltd., as part finance for the marine base propect at Sadiyat Island, Abu Dhabi.

Terms include a four-year maturity, with a spread of ⅞ per cent for the first two years and ¾ per cent thereafter.

Singapore food group profit increases by 39%

BY OUR SINGAPORE CORRESPONDENT

YEO HIAP SENG, the Singapore food and beverages manufacturer, which has been successful in overseas markets as well, has turned in a 39 per cent increase in group net profit before tax to S$9.910m (US$4.59m) for the year ended September 30.

Group sales grew by 30 per cent to S$51.514m. Yeo Hiap Seng is rewarding shareholders with a first and only dividend of 15 per cent (less tax of 40 per cent) and a 2½ per cent dividend which is exempt from tax, against a total of 10 per cent (less tax) for the previous year. Yeo Hiap Seng Limited had a 20 per cent increase in net profits before tax to S$6.457m this was on sales of S$50.894m, a 30 per cent rise over the previous year.

Both the 1977 and 1978 figures reflect equity accounting of its associate company Yeo Hiap Seng (Malaysia) in which it has 40 per cent of the equity. Among its subsidiaries is wholly-owned UK incorporated Yeo Hiap Seng International.

The company's new four-storey factory which was complete in 1977 and the modern equipment it installed there has enabled it, no doubt, to expand its capacity and gain from improvements in operating efficiency.

The managing director of Yeo Hiap Seng Limited, Mr. Alan Yeo Chee Yeow, is also the chairman of the Singapore Manufacturers Association.

Drought conditions upset Chin Teck Plantations

BY WONG SULONG IN KUALA LUMPUR

PRE-TAX PROFITS at Chin Teck Plantations, one of the larger locally-owned Malaysian plantations, fell by a third to 2.7m ringgits (U.S.$1.25m) because of drought conditions.

The company, with more than 20,000 acres, said output at its estates in Kelantan state was badly affected by the drought with the harvest of palm oil falling by nearly 28 per cent to 12,200 tons.

However, its Jemina estate on the west coast suffered less severely. Rubber production fell by only 7 per cent to 2.3m kilos, and this was more than offset by the increase in palm oil output which rose by 29 per cent to 6,100 tons. This increase was due to expanded acreage and increased maturity of its young palms.

The company said it had successfully planted 1,500 acres on its Keratong estate with high yield oil palm, and another 2,000 acres would be planted in the current year ending next August.

Chin Teck is paying a final dividend of 7.5 per cent, bringing the year's total to 15 per cent, compared with 11 per cent the previous year.

Expansion by Austrian savings bank

BY PAUL LENDVAI IN VIENNA

ZENTRALSPARKASSE der Gemeinde Wien, Austria's largest savings bank, reports an estimated 15 to 20 per cent increase in the consolidated balance sheet total this year from Sch70bn (some $5.3bn) to Sch73bn. Last year the growth rate was 10 per cent.

The fastest expansion was reported in the sphere of foreign business. Export finance in 1978 reached Sch2.25bn as against Sch1.53bn a year earlier. The figure marks a doubling of export finance since 1976. It is reckoned that the bank accounts for the financing of about 10 per cent of the aggregate Austrian foreign trade.

The bank has a particular interest in trade with Eastern Europe. Thus the share of East bloc deals amounts to 60 per cent of the total outstanding foreign credits.

The bank set up its first representative office abroad last year in Milan. Though the office began to operate fully only in the autumn, Dr. Karl Vak, director general, reports brisk business.

Another important venture was the founding of a trading house with the German company Lohmann and Co. of Bremen. This is called Zentral-export Handelsges mbH, and is aimed at assisting medium-sized firms in overseas business.

In general, Mr. Vak sees sharpening competition in Austrian banking. Zentralsparkasse has also underlined its activities as a commercial bank. Savings deposits in 1978 were up by 15 per cent to Sch38bn. Credits rose by 13.4 per cent to Sch44bn. Despite a good business year, the earnings situation deteriorated, due to the new regulations eliminating past tax concessions, which raised the tax burden from Sch256m to Sch400m.

Singapore government set to raise disclosure standards

BY OUR SINGAPORE CORRESPONDENT

THE PROPOSAL by the Singapore Government to tighten the Companies Act to give better protection to investors and to try to ensure higher ethical standards among directors is in line with its aim of improving the financial services provided in the Republic, and so raise the stature of Singapore as a financial centre.

It is highly probable that the Government will introduce legislation soon to improve disclosure standards of companies listed on the Singapore Stock Exchange. Many listed companies still provide no more than the information required by law. Forcing listed companies to provide more information to the investing public will also curb unethical practices among directors. Whether insider trading can be eradicated is, however, a different matter altogether. This is a nebulous area, and it will be difficult to make legislation effective in this area. Nevertheless, legislation might be introduced to make penalties more severe. Standards of disclosure have gradually been rising, but the Government clearly wants to accelerate the process.

The annual Report Award Competition, sponsored by the Singapore Institution of Management and the Singapore Society of Accountants, has focused attention on deficiencies in current practice. At this year's presentation ceremony, Mr. Richard Eu, chairman of the award committee, highlighted these for both Singapore and Malaysia.

He said that too many companies were satisfied with merely disclosing information required by the existing Companies Act. Not enough companies disclosed such additional information as a value added statement, a financial calendar, a breakdown of divisional profitability, turnover and capital employed, an adequate statement of accounting policies, a sources and uses of funds statement, an analysis of shareholdings, and the value of assets where they differ substantially from the amount at which they are included in the balance-sheet.

Basic data on highlights and historical summaries were not given in many cases, he pointed out, and even when shown were usually a mere summary of the statutory information.

Companies also generally paid too little attention to the structure and presentation of the profit and loss account and the balance-sheet. In many cases they failed to show clearly such important headings as "profit before extra-ordinary items" and "total share capital and reserves."

Some companies, moreover, failed to appreciate that the notes to the accounts were basically intended to support and amplify the financial picture disclosed in the profit and loss account and the balance-sheet.

Many companies failed to appreciate that the notes to accounts were basically intended to support and amplify the financial picture disclosed in the profit and loss account and the balance sheet.

Many companies failed also to appreciate that pictorial content was no substitute for information as far as the discriminating shareholder was concerned. There was in most cases a conspicuous absence of significant information on management, industrial relation and personnel policies, including staff recruitment and development. Seventh, some companies were not making sufficient effort to make their annual reports available promptly instead of taking advantage of the statutory six months period.

There is hardly any useful assessment of prospects in most annual reports and hardly any proper analysis of the industries in which companies operate. Many companies do not adequately state their activities and objectives.

It is not only smaller, newer companies which disclose insufficient information for investors. Some of the best blue chip companies are also guilty. The investing public would be keenly interested to know, for example, details of the properties they own and the cost of sales. One thing is certain. If companies are compelled to give more information, there will be a re-rating of shares by the investing public.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	94	94½	−0½	−0½	10.21
Australia 8.45 83	175	95½	95⅞	0	+0¼	9.92
Australia 9½ 83	75	97⅛	98¼	+0¼	+0¼	9.62
Beatrice Foods 7⅞ 83	100	93	93½	−0¼	−0¼	9.71
CECA 8½ 87	50	93⅞	94¼	−0¼	−0¼	9.79
CECA 9 93	25	95¼	96¼	−0¼	−0¼	9.61
CECA 9½ 98	25	96½	98¼	−0¼	−0¼	9.43
CECA 9½ 84-99	50	95½	96	0	0	9.88
CNT 9 93	75	94¼	94¾	0	−0¼	9.71
Canada 8 83	250	93⅞	94¼	−0¼	−0¼	9.86
Canada 8.20 85	250	92¾	93¼	−0¼	−0¼	9.86
Canada 9 83	400	97	97½	−0¼	0	9.96
Canada 9¼ 88	350	97⅞	97⅞	−0¼	0	9.74
Canadair 8½ 83	70	93½	94¼	−0¼	−0¼	10.21
Dominion Bridge 9 88	25	93½	93½	0	0	10.27
EIB 9½ 88	125	96½	96⅞	−0¼	−0¼	9.79
Eksportfinans 9 86	50	95½	95⅞	−0¼	−0¼	9.87
Finland 8½ 83	100	95⅞	95⅞	0	−0¼	10.24
Finland 9 88	100	94½	95	−0¼	−0¼	10.09
Hospital O/S 9 83	25	95½	95⅞	−0¼	−0¼	9.81
Ital Finance 8½ 90	20	91¼	91⅞	+0¼	0	11.34
J. C. Penney 8½ 83	100	94⅛	95¼	−0¼	−0⅞	9.92
NZ Dev. Fin. 8½ 83	20	93¼	93⅞	0	0	10.03
NZ Dev. Fin. 8½ 85	20	92¼	93¼	0	−0¼	9.85
Nat West 9 86	75	96¼	96⅛	−0¼	−0¼	9.69
Newfoundland 9½ 90	50	95½	96¼	−0¼	−0¼	9.83
Nord Inv. Bk. 8¼ 88	25	98¼	98¼	+0¼	+0¼	9.48
Norges Komm. 9½ 98	75	96½	96¼	0	+0¼	9.81
Norsk Hydro 9¼ 94	50	95¼	96¼	−0¼	−0¼	9.78
Norway 7¾ 83	250	92⅛	92½	−0¼	−0½	10.07
Norway 8¼ 83	150	†95¼	95½	0	+0¼	10.09
Occidental 8¾ 85	75	92	92½	−0¼	0	10.58
Ont. Hydro 8½ 85	125	92½	93¼	−0¼	−0¼	10.01
Quebec Hydro 9½ 93	50	96½	97¼	−0¼	−0½	9.88
Sweden 9½ 98	125	97	97½	+0¼	0	9.78
UK 8⅞ 85	200	94½	94½	0	−0¼	9.91
UK 8⅞ 93	150	96¼	96¼	−0⅞	−0¼	9.62

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95½	96¼	0	0	7.09
Australia 6 88	250	101½	101⅞	−0¼	−0¼	5.77
Austria 5½ 90	150	94½	94⅞	−0¼	−0¼	6.41
Bankamerica 5½ 90	150	99¼	99¾	0	0	5.81
Bq. Ext. Algerie 7¾ 85	100	96⅞	97½	+0¼	+0¼	7.80
Brazil 7¼ 87	150	100¼	100¾	+0¼	+0¼	7.17
CECA 6 88	150	97⅛	97¼	+0¼	+0¼	6.33
Canada 4¾ 83	800	98⅞	99	+0¼	+0¼	5.07
Ch. Manhattn. O/S 6 93	100	101½	102	0	−0¼	5.81
Commerzbank WW 3½	100	104½	105¼	+0¼	+1¼	2.90
Commerzbank XW 3½	100	82½	83¼	−0¼	+0¼	5.90
Copenhagen City 6 90	75	94½	95¼	0	+0¼	6.62
Council of Europe 6½	100	98½	99⅛	+0¼	−0¼	6.26
Council of Europe 6¼	130	97⅞	98¾	−0¼	+0¼	6.51
EIB 6 90	300	96½	96⅞	+0¼	+0¼	6.41
Finland 6 83	150	98¾	99¼	+0¼	+0¼	6.24
Hitachi Ship. 6½ 83	50	100¼	101¼	−0¼	+0¼	5.40
IBJ 5 84	100	99¼	100	−0¼	−0¼	5.09
Indonesia 7 84	100	97½	98¼	+0¼	+0¼	7.46
Kobe, City of 5½ 88	100	100¼	100⅞	0	+0¼	5.65
Mexico 6 85	200	97½	98¼	−0¼	0	6.39
Mitsubishi Petro. 5½ 85	100	101¼	102¼	+0¼	+0¼	5.38
New Zealand 6¼ 87	200	99¼	99⅞	+0½	+0¼	6.33
Nippon Steel 5½ 85	100	102½	103¼	−0¼	+1¼	5.22
Nordic Inv. Bk. 6¼ 86	60	98½	98½	+0¼	+0¼	6.55
Norges Komm. 6 90	100	97⅞	97⅞	0	0	6.29
Norway 4½ 83	250	97	97½	−0¼	0	6.11
Norwegn. Ind. Bk. 6 90	125	97⅛	98¼	+0¼	+0¼	6.26
Occidental 6¾ 90	150	97¼	98¼	+0¼	+0¼	7.00
OKB 6½ 88	100	101¼	102¼	+0¼	+0⅞	6.22
Petroleo Brazil 7 88	100	98⅞	99⅝	−0¼	−0¼	7.12
PK Banken 5⅞ 88	100	93½	93⅞	−0¼	−0¼	6.68
Quebec, Prov. of 6 90	150	95½	95⅞	0	−0¼	6.55
Ricoh 5½ 83	30	†101¼	101¼	0	+0¼	4.87
Spain 6 88	200	94½	95	0	−0¼	6.77
Statoil 6 88	150	98½	98¾	0	−0¼	6.21
UDS Group 5¾ 83	65	97⅞	98½	0	+0¼	6.25
Union Bank-Finn 6½ 88	50	†97	97½	0	0	6.89
Venezuela 6½ 90	150	94½	95	0	0	7.17
World Bank 6¼ 88	400	†98	98½	0	0	6.51

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5½ 88	40	†106	106½	+2¼	+2¼	4.43
Amer. Exp. Int. 3½ 93	40	†101¼	101½	+1½	+1	3.38
Arlberg Tunnel 4 93	40	†101¼	101½	+1½	+0¼	3.87
Austria 3½ 93	100	†97½	98	+1½	+1½	3.69
Brazil 4¾	100	†98½	99	+1½	+1½	4.39
Chase Manhattan 4 93	70	†104½	105	+1½	−0¼	3.57
Council of Europe 4¼	100	†102½	103	0	0	3.94
Bankamerica 3¾ 93	80	†103	103½	+2¼	+0½	3.48
BNDE 5 88	75	†102¼	102½	+1	+0½	4.69
Denmark 4½ 90	100	†105	105¼	+0¼	+0¼	3.94
Denmark-Mortgage Bk	80	†103	103¼	+0¼	+0¼	4.15
EIB 4¼ 93	100	†103	103¼	+1¼	+0¼	3.96
Euratom 4¼ 93	80	†103	103¼	+2¼	+0¼	3.96
F. L. Smidth 4½ 83	25	†102½	102¾	+1¼	+0¼	4.19
Finland 4½ 93	80	†103½	103¾	+0½	+0¼	4.16
First Chicago 3½ 93	70	†99¾	100	−0¼	+1¼	3.51
GZB 4½ 93	100	†104	104¼	+1¼	+1¼	4.12
Hilti-Liechenstein 4¼	25	†105	105¼	+1¼	+0⅞	3.76
ICI Fin. NV. 4½ 93	100	†105	105¼	+1¼	+0¼	3.78
Malaysia 4¾ 90	80	†100	100¼	+0½	+0½	4.73
Manitoba 4 93	100	†104	104¼	+2¼	+1¼	3.63
Newag 4 93	70	†102	102¼	+1⅞	+0¼	3.80
Norges Komm. 4¼ 90	100	†104	104¼	+1¼	+0¼	3.80
OKB 4 93	80	†101½	102	+1¼	+0¼	3.83
Oy Nokia 5 90	20	†105	105¼	+2½	+1⅞	4.42
Safe 4½ 93	30	†104	104¼	+2	+1½	3.87
Sandvik 4 90	50	†102½	102¼	+0¼	+0¼	3.72
Seas 4½ 88	15	†103	103¼	−0¼	−0⅞	4.09
Voest-Alpine 4½ 93	100	†104	104¼	+2	+1¼	4.12
Voralberg Kraft 4 93	30	†102	102¼	+0¼	0	3.80
Vienna 4 93	100	†101½	102	+0¼	+0½	3.83
World Bank 4¼ 93	250	†103¼	103½	+1¼	+0¼	3.94

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5½ 88	15	98⅛	97⅛	+0¼	+0¼	6.18
BFCE 6.4 90	30	†95	96	0	0	7.10
Eurofima 6.3 90	10	†95½	96¼	−0¼	−0¼	6.89
Norway 5.7 83	25	100¼	101½	−0¼	−0¼	5.47
Sweden 6.3 90	40	94½	95¼	0	−0¼	7.03

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold 11½ A$	12	95	96¼	−0¼	−0¼	12.79
Auto Cote B. 7 93 EUA	16	95¼	96¼	0	+0½	7.48
Copenhagen 7 93 EUA	30	94¼	95¼	0	0	7.55
Finland Ind. 7 93 EUA	15	95¼	96¼	0	+0¼	7.47
Komm. Inst. 7¼ 93 EUA	15	97¼	98¼	0	+0¼	7.71
Panama 8½ 93 EUA	20	95¼	96¼	0	−0¼	8.70
SDR France 7 93 EUA	22	98½	97½	0	+0¼	7.34
Algemene Bk 6½ 83 Fl	75	92½	93¼	+0¼	+1¼	8.13
Brazil 7½ 83 Fl	75	94	94¼	0	0	9.08
CFE Mexico 7¼ 83 Fl	75	96⅞	97¼	0	0	8.48
EIB 7¼ 85 Fl	75	93¼	94¼	+0¼	+0¼	8.44
Neder Midd. 6½ 83 Fl	75	93¼	94¼	−0¼	0	8.19
New Zealand 6¾ 84 Fl	75	92	92¼	+0¼	+0¼	8.83
Norway 6½ 83 Fl	100	92¼	93¼	+0¼	+0¼	8.52
OKB 6½ 85 Fl	75	90¼	90⅞	+0¼	+0¼	8.48
Elf Aquitaine 9½ 88 FFr	150	†98¼	99¼	+0¼	+0½	9.83
EIB 9½ 88 FFr	200	†98¼	99¼	+0¼	+0¼	9.60
Unilever 10 85 FFr	100	100¼	101¼	+0⅞	+0¼	9.81
SAT 8 88 LuxFr	250	95¼	96½	0	0	8.60
Bayer Lux 8 88 LuxFr	250	95¼	96⅞	0	+0¼	8.70
EIB 7¾ 88 LuxFr	250	95¼	95¼	0	+0¼	8.38
Finland I. Fd 8 88 LuxFr	250	95¼	96¼	0	+0¼	8.60
Norway 7¾ 83 LuxFr	250	96¼	97¼	0	0	8.61
Norges Km. 8 88 LuxFr	500	97¼	98¼	+0¼	+0¼	8.40
Renault 7¾ 88 LuxFr	500	97¼	98¼	+0¼	+0¼	8.09
Solvay Fin 8 85 LuxFr	500	100¼	101½	0	+0¼	7.80
Swedish Bk 8 88 LuxFr	500	99¼	100¼	0	+0¼	8.01
Gestetner BV 11 88 £	10	89½	90½	+0¼	+0¼	12.64
Whitbread 10½ 90 £	15	85¼	86¼	0	0	12.96

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0¼	98⅞	99¼	20/4	10⅜	10.72
Arab Intl. Bk. M6.5 83	0¼	95¼	96¼	31/1	9⅛	9.77
BFG Fin Co M5.5 89	0¼	98¼	98⅞	12/1	—	—
B. El Salvador M8 83	1¼	96½	97	12/4	11.31	11.69
B. Nac. Argent M8 83	0¼	97¼	97¼	21/1	9⅛	9.62
Bank Handlowy M8 88	1¼	†97¼	97¼	25/11	12.94	13.27
Bk. of Tokyo M5½ 93	0¼	96½	97	18/4	10¼	10.85
Banque Worms M5½ 85	0¼	98½	98¼	15/6	12	12.20
Bq. d'Alg. M8.375 84	0¼	†96¼	97¼	9/2	9⅛	9.92
Bq. Ext. d'Alg. M7.5 85	0¼	†95¼	96¼	2/6	12⅛	13.28
Bq. Indo et Suez M5½	0¼	98¼	98¼	25/1	9⅛	9.52
Bq. Alr. Occ. M6.5 83	0¼	97	97½	12/1	9⅛	9.64
CCCE M5.25 98	0¼	97½	97⅞	3/2	9.19	9.41
Ch. Man. O/S M5¼ 93	0¼	97½	98	27/1	9.31	9.53
Credit National M5¼ 88	0¼	97⅞	98¼	11/1	9.19	9.36
Gotabanken M6 88	0¼	97½	97⅞	15/5	12.31	12.61
Ind. Bk. Japan M5½ 85	0¼	†98½	99¼	1/6	12.35	12.47
Ljubljanska M7.75 85	1	95½	96¼	19/1	10¼	10.69
LTCB Japan M5¼ 85	0¼	98¼	98⅞	9/5	12.06	12.23
Midland Intl. M5½ 93	0¼	97¼	98¼	20/1	9.44	9.63
Nat. West. M5½ 90	0¼	97½	98¼	21/6	12½	12.74
Nippn Crdt Bk M5.5 85	0¼	98¼	99¼	22/6	12.81	12.98
OKB M5¼ 88	0¼	99¼	100	18/4	10.56	10.59
Offshore Mining 86	0¼	98¼	99¼	19/1	9.44	9.55
Privredna Banka M8 85	0⅞	95¼	95¼	22/6	13.44	13.98
Stand. Chart. M5.5 90	0¼	96⅞	97⅞	10/2	8.94	9.20
Sundsvallsbnkn. M6 85	0¼	96½	97	4/4	10.06	10.40
Utd. Overs's Bk. M6 83	0¼	98¼	99¼	4/6	12.31	12.45

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¼ 93	9/78	628	101⅞	102⅞	+0¼	12.94
Baker Int. Fin. 5½ 93	1/79	34	101½	103	−0¼	9.50
Boots 6¼ 93	2/79	2.16	91⅞	92⅞	+0¼	−1.65
Coca-Cola Bottling 6¼	4/79	9	89½	90¼	+0¼	27.14
Ito-Yokado 5¼ 93	6/78	1473	130¼	131¼	+0¼	1.32
Novo Industri 7 89	4/79	259	89¼	90½	+0¼	2.88
Texas Int. Air. 7½ 93	4	14.5	89	90½	−0¼	9.54
Thorn Int. Fin. 7 88	11/78	3.67	103½	104¼	+0½	−2.25
Tyco Int. Fin. 8½ 88	9/78	21	96½	98	+0¼	21.93
Tyco Int. Fin. 5 84	5/78	61.5	74½	76	+0¼	176.29
Asahi Optical 3½ DM	12/78	588	90¼	91¼	−0¼	−0.25
Casio Cp. 3½ 85 DM	11/78	841	102½	103¼	0	2.70
Izumiya 3½ 86 DM	10/78	939	94	94½	−1¼	1.46
Jusco 3½ 86 DM	1/79	1270	91⅞	92⅞	+0¼	7.81
Konishroku 3½ 85 DM	1/79	612	93½	94½	0	2.62
Marudai Food 3½ DM	2/79	1033	98¼	99¼	0	10.52
Murata M. 3½ 86 DM	11/78	854	100¼	101½	+0¼	−6.13
Nipp Air. 3.5 88 DM	12/78	508	90½	91½	−0¼	2.53
Nippon Shmpn. 3½ DM	8/78	738	112½	113⅞	−0¼	2.89
Nippon Ysn. 3½ 85 DM	1/79	251	95½	96½	0	0.24
Nissan Diesl. 3½ 86 DM	2/79	477	94¼	95¼	+0¼	3.77
Olymp. Opt. 3½ 85 DM	2/79	703	99¼	100¼	0	−6.61
Ricoh 3½ 86 DM	10/78	617	100¼	101½	0	8.58
Sanyo Electric 3½ DM	11/78	295	89½	90¼	−0¼	2.47
Seiyu Strs. 3½ 86 DM	9/78	1275	112½	113½	0	−4.89
Sharp Co. 3½ 88 DM	2/79	487	91¼	92¼	+0¼	−4.67
Stanley Elec. 3½ DM	11/78	623	94	95	−0½	10.49
Tokyo Elec. 3½ 87 DM	4/79	476	96¼	97¼	−0¼	−2.73
Trio Knwd. 3½ 86 DM	11/78	711	86¼	87¼	−0¼	14.98

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares

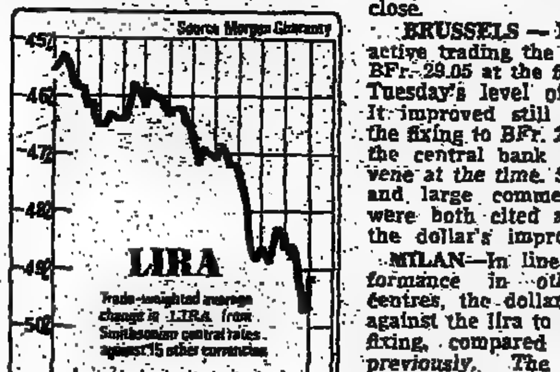
CURRENCIES, MONEY and GOLD

Dollar firms on support

The dollar staged a general recovery in yesterday's foreign exchange market after substantial support by a number of central banks. The U.S. unit was also helped by higher interest rates in the U.S., and the general feeling that, for the time being, central banks had seen the dollar fall far enough.

Starting at around its weakest level, it was soon pushed up, although it finished some way below its best level. Against the Swiss franc the opening level was around SwFr 1.6190, before rising to SwFr 1.6675. The dollar closed at SwFr 1.6472½, below its best, but above Tuesday's close of SwFr 1.6200.

Similarly the D-mark opened at its best level of DM 1.8180 before



easing to DM 1.8580 on bank support for the dollar. It closed at DM 1.8490, well down from the previous close of DM 1.8220. The French franc was weaker at FFr 4.3305 compared with FFr 4.1615 while the Japanese yen declined to Y196.60 from Y194.50, having touched Y197.75 during the day. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed to 9 per cent from 9.8 per cent. On Bank of England figures, its index rose from 82.6 to 83.7.

Sterling suffered from the dollar's improvement, while retaining a firmish undertone. It touched its best level against the U.S. currency in early trading at $2.0385 but soon fell to $2.0225 and at one point touched $2.0070. It closed at $2.0240-2.0250, a loss of 1.05c. On Bank of England figures its trade weighted index fell to 63.7 from 63.9, having stood at 63.6 at noon and 63.7 in early dealings.

FRANKFURT—A sharp rise was seen by the dollar at the fixing to DM 1.8384 against DM 1.8084 on Tuesday after the Bundesbank had bought around $7m at the fixing. Commercial bank demand together with central bank intervention pushed the dollar higher. Trading was also influenced by a report that the U.S. authorities were firmer in their resolve to defend their currency. However, uncertainty over the Iranian crisis still remained an unsettling factor. In later trading the dollar continued to appreciate, and was quoted at DM 1.8527 towards the close.

BRUSSELS — In generally active trading the dollar rose to BFr 29.05 at the fixing, up from Tuesday's level of BFr. 28.545. It improved still further after the fixing to BFr. 29.17, although the central bank did not intervene at the time. Short covering and large commercial demand were both cited as reasons for the dollar's improvement.

MILAN—In line with its performance in other financial centres, the dollar rose sharply against the lira to L832.95 at the fixing, compared with L823.05 previously. The rise came despite selling of the U.S. unit by the Bank of Italy. Most major European currencies lost ground against the lira, with the D-Mark at DM 453.45 against DM 455.4 and sterling at L1,680.5 compared with L1,685.5 on Tuesday.

AMSTERDAM — The dollar was fixed at Fl 1.9875 yesterday, compared with Fl 1.9525 on Tuesday. Speculation that the D-mark would be revalued subsided with the postponement of the EMS and the switch out of D-marks pushed the dollar up to Fl 2.0005 while the D-mark declined to DM 1.8535 against DM 1.8185 in early trading.

ZURICH—The dollar staged a general recovery against most currencies and was quoted at SwFr 1.6550 against SwFr 1.6823½ in earlier trading. Technical shortages of the U.S. currency were cited as one reason for the improvement with apparent central bank intervention boosting the U.S. unit.

THE POUND SPOT / FORWARD AGAINST £

Jan. 3	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	2.0070-2.0385	2.0240-2.0250	0.30-0.20c pm	1.48	0.50-0.40c pm	0.89
Canadian $	10¾	2.3985-2.4270	2.4095-2.4105	0.60-0.50c pm	2.74	1.20-1.05c pm	1.87
Guilder	6½	3.980-4.050	4.035-4.045	1⅛-⅛c pm	1.86	3⅞-2⅞c pm	3.09
Belgian F	6	58.25-59.20	59.10-59.20	20-10c pm	3.04	55-45c pm	3.38
Danish K	8	10.24-10.35	10.30-10.30	1-2½ore dis	-1.73	4½-6½ore dis	-2.02
D mark	3	3.690-3.750	3.74-3.75	3½-2½pf pm	8.81	8¾-7¾pf pm	8.81
Port. Esc.	18	92.60-93.60	93.10-93.60	50-100c dis	-9.64	180-280c dis	-9.57
Span. Pes.	8	141.40-142.80	142.15-142.25	30-100c dis	-5.49	200-300c dis	7.05
Lira	10½	1,679.5-1,687	1,685-1,687	1 lire pm-1 dis	par	1½-3½ lire dis	-0.59
Nrwgn. K.	7	10.11-10.24	10.23-10.24	2 ore pm-par	1.17	4¼-3¼ ore pm	1.27
French Fr.	9½	8.45-8.57	8.55½-8.56½	1½-½c pm	1.05	5½-5½c pm	2.69
Swedish Kr.	6½	8.66-8.78	8.76½-8.77½	3½-1½ore pm	3.75	8¼-8¼ore pm	3.31
Yen	3½	392-402	397-400	4.35-4.15y pm	13.10	12.25-11.85y pm	12.10
Austria Sch.	4½	27.05-27.45	27.40-27.45	17-7 gro pm	5.25	45-35 gro pm	5.83
Swiss Fr.	1	3.30-3.35	3.33-3.34	3½-2½c pm	11.64	10¼-9¼c pm	11.79

Belgium rate is for convertible francs. Financial franc 59.95-60.05.

Six-month forward dollar 0.82-0.72c pm, 12-month 1.82-1.72c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	83.93-84.16	84.11-84.14	0.02½-0.04½c pm	0.48	0.16-0.19c pm	0.79
Nethlnd.	1.9700-2.0035	1.9990-2.0020	0.21-0.16c pm	1.15	1.22-1.14c pm	2.40
Belgium	28.82-29.23	29.20-29.23	4-2½c pm	1.12	20-18c pm	2.53
Denmark	5.0645-5.1305	5.1275-5.1300	1.00-1.50ore dis.	-1.49	3.65-4.15ore dis	-2.37
W. Ger.	1.8238-1.8525	1.8515-1.8525	1.20-1.15pf pm	7.16	3.75-3.70pf pm	8.15
Portugal	46.00-46.80	46.60-46.80	30-40c dis	-8.99	70-140c dis	-8.99
Spain	70.01-70.42	70.37-70.42	30-40c dis	-5.79	115-130c dis	-6.95
Italy	828.25-835.00	834.00-835.00	1.15-1.80lire dis	-1.93	3.75-4.75lire dis	-1.81
Norway	4.9965-5.0610	5.0575-5.0595	0.50-0.10ore pm	0.71	0.95-0.55ore pm	0.56
France	4.1810-4.2450	4.2275-4.2325	0.2c dis-0.1c pm	-0.14	1.90-1.50c pm	1.60
Sweden	4.2865-4.3350	4.3320-4.3330	1.25-1.05ore pm	3.11	3.10-2.90ore pm	2.66
Japan	194.10-197.20	196.40-196.70	2.00-1.85y pm	11.46	5.80-5.45y pm	11.35
Austria	13.36-13.59	13.58-13.59	5.75-4.74gro pm	4.58	18.50-16.00gro pm	5.16
Switz.	1.6232-1.6546	1.6480-1.6520	1.53-1.48c pm	10.26	4.73-4.68c pm	11.39

† U.S. cents per Canadian $.

CURRENCY RATES

Jan. 2	Special Drawing Rights	European Unit of Account
Sterling	0.639135	0.677448
U.S. dollar	1.30831	1.38795
Canadian dollar	1.55427	1.64881
Austrian schilling	17.3122	18.3582
Belgian franc	37.3457	39.6538
Danish krone	6.57099	6.97723
Deutsche Mark	2.36595	2.50803
Guilder	2.55446	2.70902
French franc	5.42033	5.74751
Lira	1076.74	1142.10
Yen	—	267.750
Norwegian krone	6.48576	6.89631
Peseta	91.2010	96.6458
Swedish krone	5.56565	5.89868
Swiss franc	—	2.23150

CURRENCY MOVEMENTS

January 3	Bank of England Index	Morgan Guaranty changes %
Sterling	63.74	-40.3
U.S. dollar	83.71	-9.0
Canadian dollar	78.77	-18.7
Austrian schilling	146.67	+19.5
Belgian franc	114.52	+14.7
Danish krone	118.67	+7.1
Deutsche Mark	150.11	+41.7
Swiss franc	196.89	+83.5
Guilder	124.40	+20.3
French franc	99.99	-5.2
Lira	54.33	-48.2
Yen	146.41	+44.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 3	£	$		£ Note Rates
Argentina Peso	2,019-2,039	997-1,007	Austria	26¾-27¾
Australia Dollar	1.7555-1.7625	0.8690-0.8700	Belgium	59¼-60¼
Brazil Cruzeiro	41.45-42.45	20.47-20.97	Denmark	10.28-10.38
Finland Markka	7.91-7.92	3.9290-3.9310	France	8.48-8.58
Greek Drachma	72.456-74.234	35.80-36.70	Germany	3.70-3.80
Hong Kong Dollar	9.6200-9.6400	4.7860-4.7890	Italy	1,650-1,700
Iran Rial	152.17-160.29	75.00-79.00	Japan	397-402
Kuwait Dinar (KD)	0.546-0.556	0.27345-0.27480	Netherlands	3.98-4.08
Luxembourg Frc.	59.10-59.20	29.20-29.23	Norway	10.15-10.25
Malaysia Dollar	4.4525-4.4675	2.2000-2.2050	Portugal	92-98
New Zealand Dlr.	1.8930-1.9020	0.9370-0.9400	Spain	144½-148½
Saudi Arab. Riyal	6.63-6.73	3.3100-3.3120	Switzerland	3.30-3.40
Singapore Dollar	4.3775-4.3925	2.1635-2.1645	United States	2.0175-2.0275
Sth. African Rand	1.7391-1.7653	0.8590-0.8720	Yugoslavia	41-44

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.025	3.745	398.5	8.565	3.335	4.040	1696.	2.410	58.40
U.S. Dollar	0.494	1.	1.850	196.8	4.229	1.647	1.995	832.8	1.190	28.70
Deutsche mark	0.267	0.541	1.	106.4	2.286	0.891	1.079	450.2	0.644	15.74
Japanese Yen 1,000	2.509	5.080	9.398	1000.	21.49	8.369	10.14	4231.	6.048	147.7
French Franc 10	1.168	2.364	4.374	465.4	10.	3.895	4.718	1969.	2.815	68.87
Swiss Franc	0.300	0.607	1.123	119.5	2.567	1.	1.211	505.5	0.723	17.72
Dutch Guilder	0.248	0.501	0.927	98.64	2.119	0.826	1.	417.3	0.597	14.63
Italian Lira 1,000	0.593	1.201	2.221	236.4	5.079	1.978	2.396	1000.	1.429	34.64
Canadian Dollar	0.415	0.840	1.554	165.4	3.553	1.384	1.676	699.6	1.	24.17
Belgian Franc 100	1.691	3.425	6.331	673.7	14.48	5.658	6.830	2850.	4.074	100.

EURO-CURRENCY INTEREST RATES

Jan. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10⅜-11	11¼-11½	7¼-8½	10½-11	par-⅛	3⅛-3⅜	10-20	20-30	—	-2⅞--⅞
7 day's notice	11¼-11¾	11⅜-11⅝	7¼-8½	9¾-10	par-⅛	3⅛-3⅜	10-20	12½-14½	10⅞-11⅛	-2⅛--⅛
Month	11⅞-12¼	10⅞-10¾	9⅞-10⅛	9¾-10	-⅛-⅛	3⅛-3½	9⅛-9⅜	14¼-15¼	10⅝-10⅞	-⅛--⅛
Three months	12⅝-13	11⅛-11¼	10⅛-10⅜	9⅜-9⅝	par-⅛	3⅛-3½	9¼-9⅝	15-16	11⅜-11⅞	-⅛-⅛
Six months	13¼-13⅝	12¼-12¼	10⅛-11⅛	9-9¼	⅛-¼	3¾-3⅞	9½-9¾	15½-16½	12⅛-12⅛	1¾-2⅛
One year	13¼-13⅞	12-12¼	10⅞-11⅛	8½-8¾	⅛-⅝	3⅞-4	10¼-10½	16-17	12⅛-12⅛	2⅛-2⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.00-11.10 per cent; three months 11.55-11.65 per cent; six months 12.00-12.10 per cent; one year 11.75-11.85 per cent.

Long-term Eurodollar deposits: two years 10⅞-11⅛ per cent; three years 10¾-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates decline

Interest rates were generally easier in New York, following efforts by the Federal Reserve to add reserves to the banking system on Tuesday. Federal funds fell quite sharply yesterday, to around 10 per cent after rising to 12 per cent on the previous day.

Treasury bill rates also fell, with 13-week bills at 9.32 per cent, compared with 9.40 per cent late Tuesday; 26-week bills at 9.48 per cent, against 9.52 per cent; and one-year at 9.63 per cent, compared with 9.69 per cent.

FRANKFURT — Short term interest rates showed small mixed changes ahead of the Bundesbank council meeting, which is to be held today. No press conference will follow the regular fortnightly meeting, probably indicating that there will be no change in the central bank's credit policy. Call money was unchanged at 3.45-3.55 per cent yesterday, while one-month funds eased to 3.55-3.60 per cent from 3.70-3.80 per cent. Three-month was quoted at 3.75-3.80 per cent, compared with 3.70-3.80 per cent previously, but six-month eased to 3.85-3.90 per cent from 3.90-4.00 per cent. 12-month money was at 4.15-4.25 per cent, compared with 4.15-4.30 per cent on Tuesday.

PARIS—Changes in French domestic short-term rates were also mixed, with day-to-day money unchanged at 6¾ per cent. One-month money rose slightly to 6$\frac{7}{16}$-6$\frac{9}{16}$ per cent from 6⅜-6½ per cent; while three-month fell to 6⅜-6½ per cent from 6½-6⅝ per cent, and six-month to 6$\frac{9}{16}$-6$\frac{11}{16}$ per cent from 6⅝-6¾ per cent. 12-month funds were unchanged at 7¼-7⅜ per cent.

AMSTERDAM—Call money was unchanged at 10¾-11 per cent, but one-month fell to 10½-10¾ per cent from 10¾-11 per cent; and three-month to 10-10¼ per cent from 10¼-10½ per cent. Six-month money was unchanged at 9½-9¾ per cent.

HONG KONG—The money market was tight, with call money at 11¾ per cent, compared with 11⅞ per cent on Tuesday, and overnight at 10¾ per cent. This was slightly down from the 11 per cent level quoted previously.

MILAN—Short term interest rates were unchanged. Call money was 10½-10¾ per cent; one-month 10¾-11 per cent; two-month 11-11¼ per cent; and three-month 11⅛-11⅜ per cent.

GOLD

Sharp fall

Gold fell sharply in the London bullion market yesterday to $219-219½, a loss of $6 an ounce. The metal opened at $221½-222 and was fixed during the morning at $222.10. However, a sharp improvement in the dollar pushed it down to $218.60 at the afternoon fixing, before steadying slightly towards the close.

In Paris the 12½-kg bar was fixed at Fr 30,200 per kilo ($222.72 per ounce) compared with Fr 30,250 ($223.95) in the morning and Fr 30,440 ($228.52) on Tuesday afternoon.

In Frankfurt the 12½-kg bar was fixed at DM 13,135 per kilo ($222.40 per ounce) against DM 13,225 ($227.77) previously.

	Jan. 3	Jan. 2
Gold Bullion (a fine ounce)		
Close	$219-219½	$225-225½
Opening	$221½-222	$226-226½
Morning fixing	$222.10 (£109.925)	$227.15 (£110.816)
Afternoon fixing	$218.60 (£108.621)	$226.00 (£110.982)
Gold Coins, domestically		
Krugerrand	$231½-234½ (£115½-116½)	$238-240 (£117-118)
New Sovereigns	$64-66 (£31½-32½)	$64-66 (£31½-32½)
Old Sovereigns	$62½-64½ (£31-32)	$63-65 (£31-32)
Gold Coins, internationally		
Krugerrand	$228½-229½ (£113½-113½)	$233-240 (£114½-115½)
New Sovereigns	$58½-60½ (£29-30)	$60½-62 (£29½-30½)
Old Sovereigns	$62½-64½ (£31-32)	$63-65 (£31-32)
$20 Eagles	$295-297	$295-300
$10 Eagles	$154-160	$155-170
$5 Eagles	$108-114	$108-114

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit was in ample supply in the London money market yesterday, and the authorities absorbed surplus funds by selling a large amount of Treasury bills to the discount houses and banks.

Repayment was made of the small amount borrowed by the market on Tuesday, and there was also a small excess of revenue payments to the Exchequer over Government disbursements. These factors were outweighed by fairly large balances brought forward by the banks, and a moderate fall in the note circulation.

The amount of mopping may have been slightly underdone, but if so this will help to alleviate any underlying shortage which develops to-day.

Discount houses paid up to 11 per cent for secured call loans in the early part, but closing balances were taken at 8½-9¾ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan. 3 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	8-11⅜	—	—	—	11	8-11	—	—	—
2 days notice	—	—	11½-11⅝	—	—	11⅛	—	—	—	—
7 days or	—	—	—	—	—	—	10¾-11	—	—	—
7 days notice	—	11¼-11⅜	11⅝-11⅞	—	12⅛	12¼	11⅜-11½	11$\frac{7}{16}$-11½	11⅞	12⅛
One month	11$\frac{13}{16}$-11$\frac{15}{16}$	11$\frac{15}{16}$-12⅛	11⅞-12⅛	12⅛-12⅜	12¼	—	11¾-11⅞	11$\frac{9}{16}$-11⅝	12⅛	12⅝
Two months	12$\frac{1}{16}$-12⅛	12¼-12⅜	—	12¼-12⅜	12⅝	12⅞	11¾-12	11¾-12	12⅛-12¼	12¾
Three months	12$\frac{5}{16}$-12$\frac{7}{16}$	12½-12$\frac{11}{16}$	12⅜-12½	12¼-12⅝	12⅞	—	—	—	12$\frac{3}{16}$-12¼	13
Six months	12⅝-12½	12½-12$\frac{11}{16}$	12⅛-12⅜	12-12⅜	12⅞	—	—	—	—	—
Nine months	12⅜-12¼	12$\frac{7}{16}$-12⅝	—	12¼-12¾	12¾	—	—	—	—	—
One year	12¼-12⅛	12½-12¾	12-12⅛	12¼-12⅝	12⅝	—	—	—	—	—
Two years	—	—	12⅛-12⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12⅝-12½ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅛ per cent; four-month trade bills 12⅞ per cent.

Approximate selling rates for one-month Treasury bills 11$\frac{5}{16}$-11⅝ per cent; two-month 11$\frac{15}{32}$-11½ per cent; three-month 11$\frac{27}{32}$-11$\frac{27}{32}$ per cent. Approximate selling rate for one-month bank bills 11¾ per cent; two-month 12 per cent; and also three-month 12⅛ per cent; one-month trade bills 12⅝ per cent; two-month 12½ per cent; and three-month 12$\frac{9}{16}$-12$\frac{5}{8}$ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5635 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.75
Fed Funds	10
Treasury Bills (13-week)	9.32
Treasury Bills (26-week)	9.48
GERMANY	
Discount Rate	3
Overnight	3.50
One month	3.575
Three months	3.775
Six months	3.875
FRANCE	
Discount Rate	5.9
Overnight	6.75
One month	6.5
Three months	6.4375
Six months	6.625
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.75
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Buy, save up to 40 per cent
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Profitable Squash Club with four Courts. Large-growing membership. *Licensed, Late night Disco. Restaurant.* Luxury Flat. Under Management. Freehold. Located Cotswolds. Offers over £125,000.
Diverco Limited, 4, Bank Street, Worcester. 0905 22303.

DEAD STOCK WANTED. Live cash paid. Tel. Mr. Neal (0532) 34561.

THE "PENNY SHARE" GUIDE—*Monthly advice on low priced shares.* For further details and FREE COPY write 11/12, Blomfield Street, London EC2M 7AY.

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Import-Distribution Retail outlets
Well established company with *offices in Cairo and Alexandria requires suppliers of consumer foodstuffs, baby foods, biscuits, juices, processed cheese, canned fruit.*
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MORTGAGE REQUIRED

Private limited company established 25 years wishes replace bank loan with 8-year mortgage. Amount required £25,000 which is 56% of recent written valuation. Excellent bank refs. Freehold. Write Box G.3095, Financial Times, 10 Cannon Street, EC4P 4BY.

U.S.A. PROPERTIES

INVEST WITH NO USA INCOME TAX
GULFPORTS INVESTMENT CO.
7102 Walnut Bend, Houston, Texas, 77042. *Tel: (713) 664-8989*

METAL FABRICATION business at Grantham, Lincs., including leasehold factory circa 20,000 sq. ft. Plant and *machinery. Jigs, fixtures and fittings.* Stock and work in progress. Currently 41 operatives. Offers invited. Please contact Receiver, Mr. R. C. Turton, FCA, Spicer and Pegler, Nottingham. Telephone Nottingham (0602) 607131. Telex 377013 Esano G.

BUSINESSES WANTED

DESIGN COMPANY

Interior Design and Decor Business sought in central and/or North West London. Principal wishes to purchase entire capital but would be prepared to consider form of partnership. Ideal situation for *under - capitalised expanding* business. In first instance please write giving brief details of clientele etc. to *Box G3103, Financial Times, 10 Cannon Street, ECP4 4BY.*

Established Group wishes to acquire car accessories business.

Please reply to:—
The Managing Director,
P. H. Betts (Holdings) Ltd.,
2 Bridge Street,
Framlingham,
Suffolk.

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entering into manufacturing specialised communications and security products of the most advanced design available, selling to local authorities, housing associations. Orders in hand. Finance required £30,000-£50,000 to ensure large share of profitable market.
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WANTED—PATENTS

Registered UK and Foreign patents required by International Company in the cosmetic and related fields of activity, including hair and skin. Only patents with 10 or more years to run will be considered. Please reply giving full details and price required to:
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BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	†12½%
American Express Bk.	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	*Edward Manson & Co.*	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10% up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
AKZ	F.30	27	1	33	2.70	7	3.70	F.30.30
AKZ	F.32.50	—	—	20	1.50	49	2.80	"
AKZ	F.35	—	—	—	—	10	2	"
ARB	F.70	—	—	—	—	10	8.70	F.75.60
CSF	F.400	—	—	2	16.50	5	25	F.379
EK	$60	32	2¾	—	—	—	—	$62¼
GOB	F.150	—	—	5	7.50	—	—	F.146.90
GOB	F.160	—	—	8	3.80	—	—	
HO	F.37.50	10	0.50	—	—	29	3.70	F.35.90
HO	F.45	—	—	10	0.60	—	—	"
IBM	$240	2	65	—	—	—	—	"
IBM	$260	3	45¼	—	—	—	—	"
IBM	$280	16	26	7	32¼	—	—	"
IBM	$300	14	10	18	20½	13	26¾	"
IBM	$320	—	—	1	10¾	1	17¼	"
KLM	F.120	3	3.50	13	9	—	—	F.121.80
KLM	F.130	38	0.20	2	4.30	7	7.20	"
KLM	F.140	—	—	12	2	—	—	"
KLM	F.150	—	—	14	1.30	10	3.20	"
PHI	F.22.50	30	2.70	—	—	—	—	F.25.20
PHI	F.25	47	0.60	63	1.60	15	2.30	"
PHI	F.27.50	—	—	—	—	40	1.20	"
PHI	F.30	—	—	100	0.40	—	—	"
PRD	$50	—	—	5	7¼	—	—	$53⅞
PSA	F.560	—	—	—	—	10	10.90	F.470
RD	F.120	20	2.90	14	6.70	—	—	F.123.20
RD	F.130	—	—	1	2.40	15	3.50	"
UNI	F.120	17	4	1	7.40	—	—	F.123
UNI	F.130	—	—	6	2	—	—	"
XRX	$60	—	—	—	—	2	3½	$55
		Feb.		May		August		
BA	$70	15	6⅝	—	—	—	—	$72½
BA	$80	—	—	8	6⅛	—	—	"
OXY	$25	—	—	50	¼	—	—	$16¾

TOTAL VOLUME IN CONTRACTS 891

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Cornhill, London EC3V 3PB. Tel: 01-623 6314.
Index Guide as at December 28, 1978
Capital Fixed Interest Portfolio 100.20
Income Fixed Interest Portfolio 100.40

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at December 19, 1978 (Base 100 on 14.1.77)
Clive Fixed Interest Capital 129.92
Clive Fixed Interest Income 114.50

هكذا من الأجل

APPOINTMENTS

Group posts at Laing

Mr. E. H. Ballard has been appointed to the main Board of JOHN LAING. He joined the group in 1949 and has been responsible for management services, including corporate planning and computing, since 1976. Mr. J. M. Watt has been made vice chairman and Mr. R. Pawsey managing director of John Laing International, the company responsible for overseas projects of the Laing Group. Mr. Watt was formerly managing director and Mr. Pawsey, director of operations of the company.

★

Mr. J. V. Bisset, Mr. J. E. Hamilton and Mr. A. C. Pontin have been appointed to the Board of WHITECROFT.

★

Mr. P. R. Keyes and Mr. J. W. N. Yeomans have joined the Board of REDIFON, a member of the Rediffusion Group.

★

Mr. James A. Blair has retired as managing director and director of the ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY COMPANY and its subsidiaries. Mr. P. J. Adeane, a director since 1965, has been appointed executive director in London.

★

Mr. Keith Turner has been appointed managing director of CARLESS SOLVENTS, succeeding Mr. Alfred Levy, who continues as chairman.

★

Mr. William J. Eckert has been elected president and chief operating officer of AZCON CORPORATION. Mr. David Lloyd-Jacob, president and chief executive officer since 1974 and chairman since June 1978, will remain as chairman and chief executive officer.

★

The Ministry of Defence announces the appointment of Dr. David Davies as director of the ROYAL ARMAMENT RESEARCH AND DEVELOPMENT ESTABLISHMENT from April 1. He will succeed Mr. William Lord who is retiring from the public service.

★

Lord Chalfont has been appointed chairman of INDUSTRIAL CLEANING PAPERS in succession to the late Lieut. Gen. Sir David Peel Yates.

★

The Institute of London Underwriters states that the Institute Committee for 1979 consists of the following: Mr. R. J. Bromley, Mr. R. V. Clarke, Mr. J. A. Hawtin, Mr. D. D. Lowen, Mr. A. E. Mann, Mr. D. McMahon, Mr. H. G. Merriman, Mr. A. S. Nunn, Mr. E. D. Rainbow, Mr. A. J. Richardson, Mr. J. D. Russell-Taylor, Mr. D. Town, Mr. H. C. J. Vines, Mr. B. K. Williams and Mr. P. J. Wingett.

Mr. David Reynard, previously financial director, has been elected deputy chief executive for the MONO GROUP OF COMPANIES. Mr. Alan Cockrell has been appointed managing director of the pumps division and has been elected to the Group main board together with Mr. Gordon Liversidge, who has become managing director of Mono Pumps (UK) and J. and E. Arnfield.

★

Mr. David A. Matalon, continental manager for COLUMBIA PICTURES INTERNATIONAL, has been made senior vice-president of the company.

★

Mr. A. J. Shepperd is to join the Board of the METTOY COMPANY as a non-executive director.

★

Mr. Jack A. Rayner has been appointed deputy director (service) of LONDON TELEPHONES.

★

Mr. J. N. W. Wooderson has become a life director of WILLIS FABER AND DUMAS LIMITED. The following have been elected directors: Mrs. J. L. Gourlay, Mr. R. H. Hardwicke, Mr. G. McCall, Mr. J. A. C. Myers, Mr. L. J. Newman, Mr. M. A. Ranger, Mr. A. J. Walker and Mrs. L. A. Woodman. Mr. P. Wenham has been appointed a director of member company, Durtnell and Fowler.

★

OXLEY PRINTING GROUP has appointed the following to the group main Board: Mr. D. Crabtree, chief executive—web offset division, Mr. R. Ross, chief executive—book print division and Mr. G. F. Wingfield—group finance director.

★

Mr. Martin A. J. Sabey has been admitted to the Jersey partnership of ARTHUR YOUNG McCLELLAND MOORES AND COMPANY.

★

F. and C. Management, investment advisers to CENTENARY FUND S.A., states that Mr. D. J. L. Fitzwilliams resigned from the Board of Centenary Fund S.A. on December 31, 1978 and Mr. J. J. Nelson has been appointed in his place.

★

Mr. Harold Livesey, underwriting manager, has been appointed an assistant general manager of GENERAL SURETY AND GUARANTEE COMPANY.

★

Mr. Brian Corby, group general manager of Prudential Corporation has been appointed to succeed Mr. Derek Bourdon as chairman of Vanbrugh Life Assurance and its subsidiary, Vanbrugh Pensions, following Mr. Bourdon's recent appointmen as general manager of the Prudential Assurance Company.

HEYWOOD WILLIAMS GROUP has appointed three associate directors: Mr. Jeffrey Haigh, managing director of the Finalex subsidiary, Mr. George Noble, managing director of Heywood Patent Glazing Systems, and Mr. Peter Watson, who is joining the group from Hanson Trust where he has held a senior executive positioon in its industrial services division for the last ten years.

★

Mr. Ted Vallis has been elected managing director of HEAT-RAE-SADIA INTERNATIONAL in addition to his existing responsibilities. He is now in charge of overall planning and policy of all export activity covering both domestic and industrial heating products.

Metal Box deputy chairman

Mr. D. L. Allport has been appointed deputy chairman of METAL BOX and continues as managing director. He joined the company in 1946, became a member of the main Board in 1973 and has been managing director since August 1977.

★

Mr. N. Draper, having reached retirement age has resigned as a director of MINSTER ASSETS.

★

Mr. Michael D. Teden has been appointed a director and vice-president of a new company, LUMSDEN BUCKLEY AND HOUSTON of America Inc. The company is a subsidiary of Lumsden Buckley and Houston, Lloyd's brokers, and will operate in association with Collier Cobb and Associates, Inc., a major American insurance brokerage house, of Charlotte, North Carolina.

★

IBM UNITED KINGDOM states that Mr. K. T. Woodard, general systems director, has been appointed assistant to Mr. F. J. Cammiskey, president of IBM's general business group/international, in White Plains, New York. Mr. T. H. Osborne, general systems sales manager, has become general systems divisional manager in place of Mr. Woodard.

★

Mr. Hans Wolpers, vice-president, has been named manager of CROCKER NATIONAL BANK's London branch. He retains responsibilities as senior credit administrator for Europe, Middle East and Africa and is also regional manager for the UK, Ireland and Scandinavia.

★

As a result of a planned reorganisation of internal responsibilities, Mr. A. C. O. Havers will be retiring from the Board of RECKITT AND COLMAN on January 31. He has been a director since November 1968 and has been primarily responsible for the European operations of the group.

★

Sir Havelock Hudson, the immediate past chairman of Lloyd's, has been appointed a non-executive director of ELLERMAN LINES.

★

Mr. J. D. Allatt has been appointed to the Board of the MIDLAND NEWS ASSOCIATION, proprietor of the Express and Star, Shropshire Star and Shropshire Weekly Newspapers.

★

Mr. Ray Dutfield becomes chairman and chief executive of TECHNICOLOR, LONDON, on January 8. He is also appointed vice-president of the Cinema Systems division.

★

Mr. C. H. Hough, chairman and managing director of REES HOUGH, is this year's vice-chairman of the Association.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1977							
3rd qtr.	106.3	103.3	106	104.3	234.2	1,413	151
4th qtr.	106.9	102.1	106	104.4	239.4	1,431	157
1978							
1st qtr.	107.1	102.5	108	106.3	246.0	1,409	188
2nd qtr.	111.1	105.0	105	108.0	254.2	1,367	213
3rd qtr.	110.6	104.8	113	110.8	267.6	1,380	213
June	111.8	105.9	99	108.7	257.3	1,365	217
July	111.3	105.3	109	111.4	265.3	1,371	211
August	111.4	105.6	109	111.8	270.3	1,392	209
Sept.	110.4	104.5	120	109.5	266.6	1,378	219
Oct.	109.3	103.3		109.6	267.2	1,360	228
Nov.				109.5		1,339	231
Dec.						1,321	231

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
3rd qtr.	104.3	98.7	116.5	99.9	107.8	101.3	25.4
4th qtr.	104.9	97.5	114.4	98.7	95.2	100.2	20.7
1978							
1st qtr.	105.3	99.8	116.3	100.8	95.4	97.2	17.8
2nd qtr.	107.9	99.2	122.9	100.7	108.2	99.4	27.1
3rd qtr.	107.1	100.5	122.4	101.6	102.3	100.6	22.8
June	109.0	100.0	124.0	101.0	112.0	100.0	30.9
July	106.0	101.0	124.0	101.0	113.0	104.0	23.6
August	109.0	101.0	122.0	103.0	93.0	104.0	20.3
Sept.	107.0	100.0	122.0	100.0	101.0	101.0	24.5
Oct.	106.0	98.0	122.0	98.9	101.0	99.0	24.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. USSbn*
1977							
3rd qtr.	124.4	106.6	+ 31	+575	−602	101.0	13.4
4th qtr.	117.6	102.7	− 5	+591	−657	103.4	20.39
1978							
1st qtr.	119.5	114.1	−642	−413	−642	104.8	20.63
2nd qtr.	122.0	110.3	−182	+126	−398	104.6	16.75
3rd qtr.	125.3	116.1	−342	− 26	−515	105.3	16.55
August	124.4	111.3	+ 46	+182	− 98	105.7	16.4
Sept.	125.1	120.8	−236	−131	−196	105.5	16.51
Oct.	127.4	111.9	+ 97	+217	−131	105.3	15.97
Nov.	124.5	120.3	−192	− 72	−167	106.6	15.67
Dec.							15.69

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
3rd qtr.	280.0	10.4	20.3	+365	1,157	1,149	7
4th qtr.	23.2	12.6	8.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.6	+2,858	694	1,393	10
3rd qtr.	16.8	5.3	8.6	+525	748	1,427	10
August	5.7	1.6	15.7	−292	200	493	10
Sept.	16.8	5.3	8.6	+713	346	476	10
Oct.	13.8	5.5	1.8	+535	363	469	10
Nov.	12.3	10.6	9.8	+106	261		12½
Dec.							12½

INFLATION—Indices of earnings (Jan. 1976 = 100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
3rd qtr.	116.1	146.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.3	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.7	199.2	206.2	253.74	62.4
August	131.7	144.2	154.8	199.4	206.2	248.54	62.4
Sept.	134.2	144.8	155.7	200.2	206.3	253.74	62.7
Oct.	135.1	145.8	156.6	201.1	205.8	265.22	62.5
Nov.		147.2	157.1	202.5	207.9	263.63	62.7
Dec.						257.69	64.0

* Not seasonally adjusted.

WORLD STOCK MARKETS

Wall St. 5 higher after active early trade

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—83¼% (82¼%)
Effective $2.0245 43% (42⅞%)

GATHERING MOMENTUM from Tuesday's late improvement, Wal Stret moved broadly higher yesterday morning in an active business.

The Dow Jones Industrial Average, after the previous day's gain of 6.41, was 5.28 firmer at 816.70 at 1 pm. The NYSE All Common Index added 50 cents at $54.43, while advances predominated over declines by about a five-to-one ratio. Trading volume sharply increased to 20.31m shares from Tuesday's 1 pm level of 11.13m.

Closing prices and market reports were not available for this edition.

Analysts said there were no new factors to help the market, which was advancing despite the unsettled conditions in Iran and concern about rising interest rates ad inflation. They added that investors seemed to be encouraged by the market's show of strength.

Columbia Pictures advanced 1¼ to $23¾ in its first trading since Friday. General Cinema would like t oacquire about 20 per cent of Columbia Pictures. **General Cinema** eased ¼ to $33.

Tyco Laboratories gained 1⅝ to $19 on reporting sharply higher fiscal second-quarter profits.

Tektronix climbed 1½ to $49½. *The company has won a $4.5m* judgment from the U.S. in a patent infringement suit.

Skil, which jumped more than $7 on Tuesday on news that **Emerson Electric** plans to buy the company, added another ½ at $27¼. **Emerson** picked up ⅜ to $35⅜.

Among the actives, **Deere** put on ¼ to $35⅜, **Eastman Kodak** ⅝ to $62¼ and **American Telephone** ¼ to $60¼.

Gaming shares continued to advance. **Bally Manufacturing** rose $1 to $44¼. **Caesars World** 1¼ *to $27¾. Del E. Webb* ½ *to $15* and **Harrah's** ¼ to $19⅜.

THE AMERICAN SE Market *Value Index rose* 1.80 further to 153.83 at 1 pm in a fair trade. Volume 2.43m shares (1.07m).

Resorts International "A," the Amex volume leader, climbed 1½ to $32⅝.

McCulloch Oil put on ¼ to $5½. It has sold its working interest in a Canadian gas field. **Houston Oil and Minerals** gained ⅛ to $17⅛ in active trading.

Canada

Stocks advanced afresh in fairly active early trading on the Toronto market. The Toronto Composite Index moved ahead 10.4 more to 1,326.2 at mid-day, while Metals and Minerals rose 18.4 to 1,122.6 and Oils and Gas 2.7 to 1,873.5. Golds, however, further receded by 8.5 to 1,428.7.

Inco rose ½ *to C$19⅝*, **Noranda "A"** ⅜ to C$38⅜, **Hudson Bay Mining** ¼ to C$20¾ and **Cominco** C$1 to C$32¾.

Imperial Oil "A" gained ⅜ to C$26. **Dome Petroleum** ¼ to C$96¼ and **Shell Canada** ⅜ to C$16⅜. **Norcen**, which reported a successful West Pembina well, put on ¼ to C$18½.

Montreal noon stock market information was unavailable due to computer problems at the exchange.

Tokyo

The market stayed closed yesterday. A half-day trading session today marks the beginning of dealings for the new year.

Germany

Stock prices continued their new year upswing, helped by foreign buying. The Commerzbank index rose 7.6 to 829.8, making a two-day gain of 12.6.

Kaufhof led Department Stores higher with an advance of DM 9 to DM 249, while **Neckermann** added DM 4 at DM 162.

Machine Manufacturer **Demag** moved ahead DM 7 to DM 177, while **Mannesman** gained DM 4.30 to DM 181.80 despite the extension of the steel strike. In the Motors sector, **BMW** put on DM 3.80 to DM 230.80 and **Volkswagen** *DM 3.30* to DM 245.70. **Deutsche Bank** improved DM 4.40 to DM 309.50.

Public Authority Bonds were generally steady. The Bundesbank sold DM 28m of paper. Mark Foreign Loans were steady to firmer.

Paris

After Tuesday's weakening performance, shares closed on a mixed note yesterday. some issues having met active support from insitutional investors and mutual funds.

Firmer-inclined were Banks, Fods, Constructions, Hotels, Electricals and Metals, but Portfolios, Motors, Mechanicals and Stores remained in easier vein.

Higher at the close were **Comptoir des Entrepreneurs, Pechelbronn, Carrefour, Kleber, Kali, Borel, Prenatal, Maisons Phoenix, Matra, Denain and Roussel.**

In contrast, **Sade, Alsacienne de Supermarche, Peugeot-Citroen**, *Ciments Francais*, **Michelin, Saunier Duval, Presses de la Cite, Paris-France, Bellon, Legrand** and **Sommer-Allibert** finished lower.

Australia

Market made further headway across a broad front, with favourable *forecasts* by brokers and economists on the Australian economic outlook continuing to *bolster sentiment.*

BHP advanced 14 cents further to A$9.30 for a two-day rise of 34 cents on speculation regarding its oil drilling interests.

Crusader Oil moved ahead 9 cents to 67 cents and **Ampol Exploration** 6 cents to A$1.41.

Diamond speculatives attracted further support, with **CRA** gain*ing 5 cents more at A$3.70* and **Ashton Mining** closing one cent higher at 98 cents ahead of the *quarterly report from the Ashton* joint venture.

Coal Mining issue **Thiess** added 13 cents at A$2.83, although turnover was light, on news of its successful A$21.8m bid for the Queensland hydroelectric power project.

Elsewhere on the Mining boards, **Queensland Mines** rose 15 cents to A$3.20, **Western Mining** 8 cents to A$1.81, **Renison Tin** 30 cents to A$9.30 and **Central Norseman** *Gold 40 cents* to A$14.00.

Among Banks, **ANZ** gained 8 *cents to A$4.20, while* **Bank of NSW** and **National** each firmed 2 cents, but **CBC** slipped 2 cents to A$1.86.

Property stocks registered good gains, with **Lend Lease** rising 15 cents to A$2.60.

Amsterdam

Widespread gains were recorded in moderate trading, with the Industrials index climbing 1.2 to 81.3.

Analysts said the market was showing "tentative signs" of recovering from the sharp fall in prices which took place in late October last year. Since the autumn, turnover has been low.

"There are virtually no sellers in the market now. If the number of buyers increases we may see a sharp upturn in prices," one analyst commented.

Among Dutch Internationals, **Royal Dutch** rose Fl. 2.30, **Unilever** Fl 1.70 and **Akzo** Fl 1.20.

Elsewhere, shares with gains ranging between Fl 2 and Fl 3 included **ABN, Bijenkorf, Bols, KNSM, KLM and Middenstandsbank.**

Delf was among isolated lower issues, declining Fl 3.

State Loans were unchanged to slightly higher.

Johannesburg

Gold shares, initially weak, partially recovered later in line with the Bullion price and underpinned by some Overseas interest ahead of the International Monetary Fund auction.

Diamond leader **De Beers** rose 20 cents more to R8.95 on *a continuation of strong Overseas* demand. Other Metals and Minerals were higher on balance.

Colliery shares, in anticipation of a worsening oil supply crisis in Iran, advanced afresh.

Industrials were inclined to edge forward.

Hong Kong

Reversing the recent easier trend, the market picked up slightly in another idle trading session. The Hang Seng index recovered 2.66 to 496.49.

Jardine Matheson gained 20 cents to HK$11.70, **Swire Pacific "A"** 15 cents to HK$7.50, **Wheelock** 5 cents to HK$2.55 and **Hutchison Whampoa** 2.5 cents to HK$3.975, but **China Light** declined 10 cents to HK$19.80 and **Rubber Trust** 5 cents to HK$5.15.

Switzerland

Prices firmed over a broad front in active trading, reflecting a stronger dollar, high liquidity and yield considerations.

The Registered shares of **Sandoz** advanced 65 to SwFr 1,920 and those of **Alusuisse** were up 18 at SwFr 523. **Nestle Bearer** gained 55 to SwFr 3,175 and **Ciba-Geigy Bearer** 25 to SwFr 1,155.

Domestic and Foreign Bonds also hardened on active demand.

Brussels

Local shares moved irregularly in a modest business.

Among Steels, **Hainaut-Sambre** hardened a shade but **Clabecq** slipped 44 to BFr 1,356. Chemicals had **UCB** up 26 at BFr 1,208. **Vieille Montagne**, however, declined 15 to BFr 1,585 in easier Non-Ferrous Metals, but Oils rose, **Petrofina** adding 120 at BFr 3,380.

Milan

Most shares rallied in slow trading

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m% tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK —DOW JONES

	Jan. 2	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 22	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
♦Industrials	811.42	805.01	805.39	803.56	816.01	806.47	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds.	84.82	84.54	84.71	84.69	84.83	84.91	90.86 (4/1)	84.54 (29/12)	—	—
Transport....	210.17	208.56	208.95	208.76	211.19	208.46	261.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities......	98.18	98.24	98.14	98.99	98.31	98.21	110.98 (5/1)	97.75 (20/12)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	18,690	50,950	25,440	25,580	21,470	25,790	—	—	—	—

♦ Day's high 815.06 low 798.51

Ind. div. yield %	Dec. 29	Dec. 22	Dec. 15	Year ago approx
	6.03	6.00	6.02	5.54

STANDARD AND POORS

	Jan. 2	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 22	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	107.91	107.21	107.41	107.85	108.89	107.40	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	96.73	96.11	96.28	96.66	97.52	96.51	106.38 (12/9)	86.90 (6/3)	125.86 (11/1/63)	4.40 (1/6/32)

	Dec. 27	Dec. 20	Dec. 15	Year ago (approx.)
Ind. div. yield %	5.10	5.21	5.14	4.90
Ind. P/E Ratio	8.74	8.56	8.64	9.13
Long Gov. Bond yield	8.92	8.95	8.84	8.02

N.Y.S.E. ALL COMMON

Jan. 2	Dec. 29	Dec. 28	Dec. 27	1978-79 High	1978-79 Low
55.95	53.92	53.98	53.96	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Jan. 2	Dec. 29	Dec. 28
Issues Traded	1,842	1,972	1,957
Rises	1,001	801	461
Falls	472	758	1,043
Unchanged	369	413	453
New Highs	10	10	4
New Lows	24	110	108

MONTREAL	Jan. 2	Dec. 29	Dec. 28	Dec. 27	1978-79 High	1978-79 Low
Industrial	219.19	217.95	217.77	216.39	222.14 (11/10)	152.80 (16/2)
Combined	225.88	224.78	223.74	222.84	225.88 (2/1/79)	170.82 (30/1)
TORONTO Composite	1515.8	1510.0	1500.1	1495.6	1532.7 (12/10)	938.2 (30/1)
JOHANNESBURG Gold	260.5	(u)	264.2	260.9	272.8 (14/8)	188.0 (20/4)
Industrial	270.5	(u)	266.7	268.2	281.3 (1/11)	194.9 (13/3)

	Jan. 3	Previous	1978-9 High	1978-9 Low
Australia(¶)	548.75	545.72	566.79 (22/9)	411.19 (1/3)
Belgium (‖)	98.80	98.70	101.18 (8/6)	90.43 (23/6)
Denmark(**)	98.54	98.68	98.96 (14/6)	88.08 (30/10)
France (††)	75.2	76.0	86.0 (4/10)	47.6 (3/3)
Germany(‡‡)	829.8	822.2	863.2 (19/10)	759.4 (17/8)
Holland (§§)	81.3	80.1	93.1 (11/8)	76.0 (4/4)
Hong Kong (¶¶)	496.49	493.83	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	68.71	68.38	82.25 (25/9)	56.45 (10/1)
Japan (a)	(c)	(c)	452.60 (13/12)	364.04 (4/10)
Singapore(b)	348.68	348.33	414.50 (8/9)	282.0 (9/1)

	Jan. 3	Previous	1978-9 High	1978-9 Low
Spain (d)	97.35	96.79	96.79 (2/1/79)	97.35 (3/1/79)
Sweden (e)	363.08	362.05	408.00 (4/8)	325.74 (3/1)
Switzerld(f)	294.0	(c)	323.7 (14/8)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78-1979 high/low only. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Boeing	377,600	71⅞	+⅛
Zenith Radio	326,600	12⅞	—
Am. Tel. and Tel.	199,500	60⅛	+⅛
General Motors	179,600	54⅞	+⅛
IBM	165,500	302⅞	+4⅛
Uniroyal	164,300	6	+⅛
Deere	162,600	34⅞	+⅛
Am. Home Prods.	159,900	28	−⅛
Ralston Purina	159,600	11⅛	−⅛
Exxon	158,600	49⅛	+⅛

NEW YORK

CANADA

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ♦

Jan. 3	Price Dm.	+ or —	Div. %	Yld. %
AEG	79	+0.1	—	—
Allianz Versich	495		31.2	3.2
BMW	230.8	+3.8	28.12	6.1
BASF	138	+2	18.76	6.8
Bayer	137	+1.5	18.76	6.8

TOKYO ¶

Dec. 28	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	358		14	2.0
Canon	455	+4	12	1.3
Casio	698	+12	25	1.6
Chinon	359		20	2.8
Dai Nippon Print	580	+5	18	1.6
Fuji Photo	588	+3	15	1.1

Source Nikko Securities, Tokyo

AUSTRALIA

Jan. 3	Aust. $	+ or —
AOMIL (25 cents)	†0.70	+0.02
Acrow Australia	†1.00	+0.05
AMATIL $1	†2.10	
Ampol Exploration	†1.41	+0.06
Ampol Petroleum	†0.75	
Assoc. Minerals	†1.25	
Assoc. Pulp Paper $1	†1.68	−0.04
Assoc. Con. Industries	†1.85	
Aust. Foundation Invest.	†1.00	

OSLO

Jan. 3	Price Kroner	+ or —	Div. %	Yld. %
Bergen Bank	106.5	−0.5	9	8.5
Borregaard	70.5	−4.5	—	—
Creditbank	119.5		11	8.4
Kosmos	287.5	−12.5	20	7.0
Kreditkassen	116	−0.75	11	9.5
Norsk HydroKr5	182	−2	12	5.3
Storebrand	92.50	+1.25	7	7.6

BRAZIL

Turnover Cr.106.8m. Volume 66.6m. Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand U.S.$0.64¼
(Discount of 43.9%)

SPAIN ♥

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ⊕

PARIS

COPENHAGEN ♣

MILAN

STOCKHOLM

VIENNA

COMMODITIES, RAW MATERIALS and AGRICULTURE

Lead slips from peak price level

By Our Commodities Staff

THE CASH price for lead fell steadily on the London Metal Exchange yesterday, losing £4.50 a tonne from the all-time high of £457 recorded on Tuesday.

Forward metal also slipped £.50 a tonne, to close at £421. Traders said the new record price had prompted some profit-taking. A U.S. producer price increase of 2 cents a pound helped to steady the market but in the absence of any news to maintain prices at the new heights the slide continued throughout the day.

Steady prices in Penang overnight, attributed to local demand, helped to stabilise tin prices which had shown signs of weakening. Cash standard grade metal closed £17.50 a tonne down at £6,932.50 and three months tin lost only £5, falling to £6,837.50 a tonne.

CANADIAN WHEAT PRICE CHANGES

WINNIPEG — Canada has changed its calculation for wheat export prices to account for closure of the Great Lakes and increased competitiveness of U.S. Hard Winter wheats, a Canadian Wheat Board spokesman said.

Reuter

New hope for threatened fishing port

BY RICHARD MOONEY

NEW HOPE for the survival of the Lancashire fish port of Fleetwood has resulted from talks between local fish merchants and other interested parties.

The Fleetwood Fishing Vessel Owners' Association, the organisation which handles the landing and marketing of fish at the port, announced last month that it was to go into voluntary liquidation despite a Government aid offer worth £180,000.

But warnings that the offer might be withdrawn if the Association was allowed to fold prompted the owners to shelve their liquidation plan until the end of this month.

In the meantime talks between interested parties, under the auspices of the Fleetwood Fisheries Development Committee (FFDC), have led to the formation of a new company to take over the organisation of ancillary services at the port "subject to meaningful negotiations with the unions concerned."

Mr. Edwin Walker, chairman of the FFDC said yesterday that the new company would only take over the port services if a viable operating basis was established. This could mean "fresh manning scales," he added.

Overmanning is the most difficult problem at Fleetwood. At the beginning of last year 39 vessels were operating from the port but the total has since shrunk to only 19 and landings have fallen to 2,500 10-stone kits a week, less than half the level needed to maintain viability. But the full workforce of 118 "lumpers" (men which unload fish) is still employed.

The men are officially employed by the National Dock Labour Board, a statutory body. They can only be disposed of voluntarily and would even then be entitled to severance pay averaging £6,000 a man.

As the "lumpers" cannot be sacked it appears that the owners and others concerned in the plan could be considering using at least part of the Government aid to finance a voluntary redundancy scheme to stabilise the onshore operation at the port.

Rise in cocoa use estimated

By Our Commodities Staff

HIGHER COCOA grindings figures in major importing countries were forecast for the fourth quarter of 1978 yesterday by Albrecht and Dill, the Hamburg trade house.

West German consumption was estimated to be 5 per cent higher than in the final quarter of 1977 when it totalled 41,187 tonnes while the U.S. figure was put 10 per cent higher and the UK's unchanged to slightly higher.

Meanwhile domestic problems are hindering shipments from Ghana, the Hamburg trader said, and harvests are falling elsewhere in West Africa.

But the Papua New Guinea and Malaysian crops are growing in importance with Malaysia possibly raising its output to 50.0000 tonnes a year by 1985.

In Rio de Janeiro, Sr. Paulo Alvim, scientific director of Brazil's Cocoa Farming Recovery Commission said Brazil's 1978-79 cocoa crop should total around 4m bags, similar to the 1977-78 crop.

Figures from the Bahia Cocoa Trade Commission in Salvador show arrivals for the 1978-79 crop so far total 3.82m bags.

With the May 1-September 30 temporao crop at 2.53m bags, this means main crop arrivals already total 1.29m bags.

Trade sources added they expect arrivals to slow down during this month and February, and then to dry up more or less until the 1979-80 temporao crop

● Speculative selling largely based on "bearish" chart patterns depressed prices on the London cocoa futures market. After opening lower May delivery cocoa ended £29.25 down on the day at £1,942.25 a tonne.

U.S. MINING

Utah's multi-faceted jewel

BY PAUL CHEESERIGHT

KENNECOTT COPPER, whose ore reserves in the U.S. are greater than those of any other group, still hopes that some protection will be given to the industry by the Carter Administration.

But, after last October's rejection of recommendations for import quotas from the Federal Trade Commission, it is probably a vain hope.

Still, in the longer term, Kennecott is well-placed to meet foreign competition on the domestic market. One of the main reasons for this is Bingham Canyon, in Utah, which remains a jewel of quality and brilliance on the group's latterly tarnished crown.

Bingham Canyon represents the marriage of increasingly refined technology, applied on a huge scale, to an orebody rich in the variety of its minerals, making up in size what it lacks in mineral grades.

The vast opencast mine, its three concentrators, its precipitate plant and its smelter, its mountains of waste dumps and its tailing pound run along the edge of the Oquirrh Range facing Salt Lake City 30 miles away.

This complex makes up Kennecott's Utah Copper Division, which produces about 14 per cent of newly-mined copper in the U.S. and with it a significant list of by-products.

Bingham is the second largest gold producer in the U.S., the third largest silver producer, and a major supplier of molybdenum. Other by-products are platinum, palladium, selenium and rhenium. Sulphuric acid is sold as a by-product of smelter treatment. Mine tailings are seen as a potential source of road-building aggregates.

Significantly the major by-products — gold, silver and molybdenum — have all been strong markets at a time when copper has been weak. Although this has clearly helped Kennecott to struggle through the recession, there is a problem.

Benefit

The precious and rare minerals are only present at the orebody in trace elements. To gain the maximum economic benefit from them, copper production has to be kept up.

Indeed, the whole point about Bingham Canyon is that production has to be on a vast scale to be economic.

Since first production in 1904, about 4bn short tons of ore and waste material have been removed from the mine, turning a hill into the largest man-made excavation in the world — a pit more than two miles wide and about half a mile deep.

The economic rationale for shifting nearly 0.5m tons of material a day is the grade of the copper. It has declined from an average 1.0-2.0 per cent a ton, with pockets grading up to 6.0 per cent, some 70 years ago, to an average 0.6 per cent now with a cut-off grade of 0.4 per cent.

For all that, the mine has produced more copper than any other single operation in history — more than 11m tons. The pace of production has to be kept up so that working costs may be kept down. When the recession started, output was reduced, but over the past two years there has been a change in strategy.

Forced to compete with imports not carrying the same level of environmental costs, Kennecott decided to play to Bingham Canyon's strengths and "to churn out as much as possible," as one executive put it, while seeking operating economies.

Thus, while production in 1976 and 1977 was 188,917 tons and 195,353 tons respectively against 171,482 tons in 1975, the workforce has been reduced in two years by about 10 per cent. For the whole of the Utah Copper Division the workforce stands at 6,000. But the cost per pound of copper produced is a closely guarded secret.

However, there are certain technical factors which help to hold down costs. The rock at Bingham Canyon fractures evenly thus making easier the crushing at the concentrator, and the location of the pit in relation to the concentrators 16 miles away means that the loaded trains which carry the ore out of the pit move downhill, saving fuel costs.

On the other hand, Kennecott has had to make an investment of $280m to refurbish the Bingham smelter in order to meet air quality requirements by raising the level of sulphur oxide capture. The work started in 1974 and new plant was being phased in this year against a background of technical argument with the Environmental Protection Agency.

Disadvantage

It is precisely this sort of expenditure, Kennecott and other U.S. producers feel, that puts them at a disadvantage compared with other international producers.

For all that, Bingham enjoys the advantage of selling a large portion of its copper output to the domestic motor industry, a buoyant market of late. And, with all the processing and mining facilities in place, Bingham has a competitive edge over new producers as it is developed for operations into the next century, probably at an underground deposit adjacent to the existing pit.

French plan stockpile boost

BY DAVID WHITE IN PARIS

THE FRENCH Government plans to quadruple its strategic metal and raw material stocks to a level worth about £150m.

Initial details of the plan were revealed in Paris yesterday by M. André Giraud, Industry Minister, following Cabinet approval of an overall plan to make France less vulnerable to fluctuating supplies of raw materials.

The current French stockpile strategy dates back to 1975, since when the authorities have spent Frs 250m (£29m) on reserves of raw materials other than energy and agricultural products. Despite weak markets, this stockpile has been adjusted in such a way as to increase its value to about Frs 315m.

M. Giraud said the Cabinet had agreed that current stocks were insufficient. The Government is now looking into ways of financing an increase to four times the present level. The cost of raising these funds through classic bank loans at current interest rates is considered too heavy, in view of the deficit the Government already has in its budget.

France was particularly interested in buying up stocks of zirconium and cobalt, M. Giraud said. The build-up of stocks would be made on a selective basis and the Government might even sell off some of its present holdings of certain minerals.

The other approaches to reducing France's vulnerability were policies for economising on raw materials use and a stepped-up effort to develop deposits in France and overseas territories, especially French Guyana.

France has to import about half the non-energy raw materials it uses, and has a raw material deficit of about Frs 7.5bn a year.

The Government will continue to spend about Frs 50m a year on an inventory of France's raw-material sources, under a renewed five-year plan starting in 1980.

These measures are linked to efforts to increase French co-operation with developing countries which have important mineral sources. M. Giraud said the governments would investigate ways of increasing French investment in these countries, both through the state mining group, BRGM, and private interests, such as Pechiney-Ugine-Kuhlmann and the Rothschild-controlled company, Imetal.

Brazil soya uncertain

RIO DE JANEIRO — Trade sources in Porto Alegre, Sao Paulo and here said yesterday they doubted that Brazil could produce 14.5m tonnes of soyabeans this year.

EEC SUGAR EXPORTS

BRUSSELS—The EEC Commission authorised sales of 41,750 tonnes of white sugar at its weekly tender yesterday. This compared with 51,750 tonnes at the previous tender two weeks ago.

No raw sugar exports were authorised.

In Bonn meanwhile the West German Sugar Industry Association said a total of 18,786,000 tonnes of sugar beet was processed by the 13th and penultimate week of this year's campaign after 18.07m tonnes up to the 12th week. This was well below the year-ago level of 20.43m tonnes.

Reuter

Coal Board challenged over colliery land loss claims

BY OUR COMMODITIES STAFF

THE NATIONAL Coal Board has "severely underestimated" the amount of land that will be lost to farming if coal is mined in the Vale of Belvoir, the Country Landowners' Association claimed yesterday.

It will be backing its charges with evidence from Dr. Alice Coleman, the geographer of Kings College, University of London, at the main inquiry into the project which is expected to take place this autumn.

Officials at the association refused to disclose the scale of the discrepancies discovered by Dr. Coleman.

"The differences she finds are not small ones and the discrepancies she finds between plans for the Belvoir area and what has actually happened at other coal mines amount to several orders of magnitude," the CLA said in a statement.

Dr. Coleman, a well known expert in agricultural geography, was asked to study the likely impact on the Vale of Belvoir and north-east Leicestershire if the Coal Board were allowed to carry through its plans for three mines in the area.

She based her preliminary report on the actual loss of land at some 120 existing collieries and compared the figures she collected with the Coal Board's claims for the planned collieries at Hose, Saltby and Asfordby.

China loses rice outlet

FOR THE first time in 27 years Sri Lanka will not buy rice from China, the island's main rice supplier.

However, Sri Lanka will continue to sell rubber to China which will remain her biggest trading partner. Under a 1979 protocol the trade will amount to $55m each way.

Under a 1952 rice-rubber barter agreement which was extremely favourable to Sri Lanka, China sold about 200,000 tonnes of rice annually in exchange for about 50,000 tonnes of rubber.

Poles buy wheat from USSR

WARSAW—Poland yesterday signed a contract with the Soviet Union to purchase 500,000 tonnes of wheat this year for human consumption, the official news agency reported.

It is believed to be the first time Poland has bought wheat from the Soviet Union since 1975, although it bought some 900,000 tonnes of barley in 1977.

By far Poland's largest supplier is the U.S. from which it is curretnly buying around 5m tonnes of grain and fodder annually, out of total import requirements of 7m to 8m tonnes a year.

The contract was signed by the Polish agricultural trading agency Rollimpex and the Soviet grain trading organisation Exportkhleb.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed in quiet trading on the London Metal Exchange. With the pound moving lower, forward metal rose from £781-£782 to £786 in the morning, but the pound's recovery in the afternoon pushed the price lower ... [illegible]

... traded at £679, 89.5, three months £783, 83.5, 84, 84.5. Cathodes, three months £773, 74. Kerb: Wirebars, three months £785.5, 85, 84.5, 84, 84.5. Afternoon: Wirebars, cash £769, three months £785, 85.5, 84.5, 84, 83.5. Kerb: Wirebars, three months £783.5, 83, 82.

TIN—Fell away after a steady start when forward metal rose from £6,860 to £6,876, reacting to the lower pound. But in the afternoon there was some profit-taking; nervous bull liquidation as the backwardation narrowed and the pound recovered. This pushed the price to £6,810, but there was an advance to a close on the Kerb of £6,830. Turnover 1,240 tonnes.

... Standard, three months £6,830, 25, 20, 10, 20, 25, 30.

LEAD—Lost ground during a day of good two-way business. After starting at £423-£425, forward metal touched £425.5 but then turned easier. Steady selling throughout the day, some of it profit-taking and stop-loss selling, was generally well received. Most of the business was down in the £420-£423 range but a late fall on the Kerb when buyers were reluctant left the closing price at £418.5. Turnover 9,850 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	464.5-5	+8.25	456.5-7.5	—14.5
3 months	424-.5	+4.5	420.5-1.5	—3.5

[illegible]

COFFEE — ... nearby positions prompted a further widening of differentials, Drexel Burnham Lambert reported. Roaster interest below the market and a continuing dearth of Robusta offerings in the physical market kept values steady. On the close the market was £10 to £35 higher on the day.

PRICE CHANGES

Price in tonnes unless otherwise stated.

[illegible]

Tate and Lyle ex-refinery price for granulated basis white sugar was £284.85 (same) a tonne for home trade and £187.00 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Jan. 2: Daily 7.86 (7.69): 15-day average 8.03 (8.04).

AMERICAN MARKETS

NEW YORK, Jan. 3.

Coffee—"C" Contract: March 135.95-135.89 (134.97), May 133.00-133.50 (132.13), July 131.50, Sept. 131.75, Dec. 130.00, March 129.75, May 128.00-128.75. Sales: 753.

[illegible]

July 690, Aug. 690, Sept. 668-668½, Nov. 659½-660, Jan. 667½-668.

||Soyabean Meal—Jan. 187.00-187.10 (189.60), March 186.00-185.50 (188.80), May 184.80-184.70, July 185.80-185.70, Aug. 186.70-186.50, Sept. 186.50, Oct. 184.50-185.00, Dec. 184.50-184.80, Jan. 185.00-185.50.

[illegible]

EUROPEAN MARKETS

ROTTERDAM, Jan. 3.

[illegible] ... $U.S.153 a tonne. U.S. hard winter ord. Jan.-March $152.

Maize—U.S. No. 3 corn yellow April $115, afloat $116, Dec. $116, Jan. $114.25, Feb. $114.50, March $114.50, Jan.-March $114.50, April-June $115.50, July-Sept. $116.50, Oct.-Dec. $116.50.

Soyabean Meal—U.S. toasted 44 per cent afloat $236, Jan. $236, Feb. $237, March $236, April-Sept. $230, Nov.-March $230.

PARIS, Jan. 3.

Cocoa—in FFr per 100 kilos—March 1612-1613, May 1628-1634, July 1630 ... [illegible] ... March 1183-1185, May 1126-1130, July 1060-1080, Sept. 1054-1067, Nov. 1020-1029, Jan. 1005-1035.

Sugar—FFr per tonne—March 795-802, May 836-840, July 840-850, Aug. 895-905, Oct. 920-940, Nov. 915-935, Dec. 935-960, March 970-1000.

● Commodity market coverage in these columns is being extended to include French sugar, cocoa, coffee, soyabean meal and wool market closing prices. More U.S. futures markets will also be covered including silver, live cattle, hogs, eggs, pork bellies and plywood from Chicago and orange juice and potatoes from New York.

INDICES

FINANCIAL TIMES

Jan. 2	Dec. 29	M'nth ago	Year ago
257.58	257.69	269.54	233.47

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Jan. 2	Dec. 29	Month ago	Year ago
Spot	383.47	384.71	390.47	346.76
F'tur's	383.40	383.58	387.39	336.54

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 2	Dec. 29	M'th ago	Year ago
Sple Comty	977.2	978.4	980.1	878.3

(December 31, 1931=100)

REUTERS

Jan. 3	Jan. 2	M'nth ago	Year ago
1492.0	1494.5	1512.7	1413.6

(Base: September 18, 1931=100)

BRAZIL COFFEE SHIPMENTS

RIO DE JANEIRO — Brazil shipped 12.63m bags (60 kilos each) of green and soluble coffee during 1978 compared with 10.08m in 1977 according to provisional figures, Camillo Calazans, the Brazilian Coffee Institute president said here yesterday.

Of this total, 10.43m bags were green coffee (8.49m) and 2.2m soluble (1.59m).

Sr. Calazans said total coffee export earnings last year provisionally fell to $2.31bn

Reuter

OLIVE OIL OUTPUT RISE FORECAST

MADRID — World olive oil output in 1978-79 is forecast to rise to 1,456,000 tonnes against a provisional 1,353,400 tonnes for 1977-78, according to a communiqué issued by the International Olive Oil Council, after a five-day meeting.

Largest increases are expected in Spain, up 139,000 to 500,000 tonnes, and Turkey, up 85,000 to 145,000 tonnes. However, a big fall of 120,000 tonnes is seen for Italy, reducing its production to 350,000 tonnes.

Reuter

LEGAL NOTICES

IN THE MATTER OF MULTIMEDIA EDUCATION LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 22nd day of January, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PAUL FREDERICK MARTEN SHEWELL, M.A., F.C.A., of COOPERS AND LYBRAND, Abacus House, Gutter Lane, Cheapside, London EC2V 8AH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 21st day of December 1978.

P. F. M. SHEWELL, Liquidator.

This notice is purely formal. All known creditors have been, or will be, paid in full.

No. 004065 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of:

GOLDGRAND LIMITED

and

in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 21st day of December 1978 presented to the said Court by TRUST MEAT COMPANY LIMITED whose Registered Office is situate at 33/34 Chancery Lane, London WC2.

And that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 29th day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SILVERMANS,
11 High Street,
Barnet, Herts EN5 5UJ.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 26th day of January 1979.

TRAVEL

LONDON STOCK EXCHANGE

Bear squeeze triggers good rise in equity leaders

30-share index stages biggest rise since mid-November

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

Undeterred by the commencement of the lorry drivers' strike and the latest Henley Centre uninspiring forecast for the economy, equity stock markets yesterday staged their biggest single-day advance since mid-November. It was not a sudden flurry of investment interest that caused yesterday's marked upturn in equities, but more bargain-hunting which was encouraged partly by Tuesday's performance of stocks recommended as New Year investments and found the market technically oversold.

The squeeze on bear positions intensified as the day progressed although the bulk of the trade was confined to the first couple of hours' business. Subsequently, the least sign of any buying inquiry and the continued absence of selling resulted in prices hardening further and at the 3 pm calculation the FT 30-share index was standing 6.4 higher.

Shortly afterwards, values were looking a little toppy following a re-emergence of concern about the situation in Iran but finally most went ahead again to close at the day's highest to leave the index 6.9 up at 479.9. Also contributing to the improvement in sentiment was an increase in activity in potential bid and situation stocks, which was triggered by the Norcros approach to H. & R. Johnson-Richards Tiles.

The number of bargains marked, at 3,005, served to illustrate, however, the continuing pitifully low level of business and the technical nature of yesterday's upturn. British Petroleum came out best of the constituents of the index with a recovery of 16 to 910p, while other gains were around 4 and sometimes more.

Gilt-edged securities meanwhile wrestled with the problem of rising U.S. interest rates and the possible effect on levels here. Business was again inhibited by this uncertainty although a marginally improved trade was reported in both the shorts and longs. The latter eased another ½ but the shorts were mixed with the Variable coupon stocks recording above-average rises extending to ¼.

Southern Rhodesian bonds eased a point in places but further Press comment on East/West relations and conjecture about debt repayment aroused a small interest in Chinese bonds among which the 4½ per cent 1898 issue rose 1½ points to £21.

More interest was shown in the investment currency market, particularly on institutional account and, after touching 84 per cent, the premium closed 1½ higher at 83¾ per cent. Yesterday's SE conversion factor was 0.7039 (0.6997).

Yesterday's 507 contracts completed in the Traded Option market was the highest since December 8 when 622 were recorded. BP were particularly lively, recording 125, while in Consolidated Gold Fields and Grand Met 89 and 65 contracts respectively were done.

Discounts better

Further progress was made by home Banks in continuing response to Press comment. NatWest added 7 more at 292p and Barclays firmed 5 to 370p as did Midland to 360p, while Lloyds finished a few pence harder at 290p, after 292p. Similarly, gains of 8 and 7 respectively were seen in Bank of Scotland, 288p, and Bank of Ireland, 415p. Discounts came to life, scoring double-figure gains largely on technical considerations. Alexanders stood out with a rise of 16 to 266p, while Seccombe Marshall and Campion put on 20 to 220p in a thin market. Allen Harvey and Ross, 340p, Cater Ryder, 280p, and Gerrard and National, 198p, all added around 10 but Union, after touching 325p, retreated late to close only 2 dearer on balance at 312p.

Quietly firm Insurances were featured by Edinburgh and General Investments which closed 4 up at 30p.

Brewery leaders finished another quiet session displaying minor gains, Davenports rose 2 to 76p on the annual report. Distillery issues were dominated by Arthur Bell which put on 14 to 184p following the announcement that Pepsi has taken over the former's U.S. marketing arrangement. Highland closed 5 to the good at 81p, while Matthew Clark met renewed speculative interest and advanced 8 to 150p.

Johnson-Richard Tiles featured the Building sector with a jump of 17 to 126p, after 135p, on the bid approach, worth around 132p per share, from Norcros, 2½ cheaper at 88p; the after-hours' statement from Johnson-Richards giving the approach a cool reception made little impact. London Brick, with a near 10 per cent stake in Johnson-Richards, improved a penny to 70p. Elsewhere, Derek Crouch put on 7 to 114p on small demand in a thin market, but Tunnel B eased 2 to 308p on news that T. W. Ward intends to retain its 29.6 per cent stake in the company. Buyers came in for Royco which added 2 for a two-day gain of 4 at 40p and Heywood Williams which firmed 3 to 145p. Following the share capital reorganisation, Costain Ordinary opened around 186p before shading to 184p, and the deferred Ordinary opened at 146p and settled at 140p.

In a slightly improved trade, ICI firmed 4 to 366p, after 368p, and Fisons added 5 to 308p. Modest speculative support was forthcoming for Stewart Plastics which, in a thin market, gained 8 to 171p.

Technical factors played a major part in the advance made by the Stores leaders yesterday. Marks and Spencer put on 3 to 87p, while similar improvements were seen in British Home, 190p, and W. H. Smith "A," 145p. Elsewhere, H. Samuel "A" continued firmly, rising 5 afresh to 201p on further buying ahead of interim results which are due shortly. Bambers added 4 at 112p and Customagic 2 to 18p. Among Shoes, K rose 3 to 83p.

A little more interest developed in the Electrical leaders which extended the previous day's modest gains by a few pence or so. GEC improved afresh to 330p before settling at 326p for a rise of 3 on balance, while EMI closed the same amount dearer at 142p. Electronic issues took a distinct turn for the better, Farnell gaining 8 to 398p and Racal 9 to 349p. Elsewhere, Crellon responded afresh to Press mention with a rise of 4 at 20p. Buyers continued to show interest in Sound Diffusion, up 3 more at 69p, while scattered demand left H. Wigfall 4 higher at 254p and Muirhead a like amount dearer at 204p.

Engineering leaders staged a small recovery, but the amount of business transacted remained at a low level. John Brown firmed 6 to 372p and rises of around 4 were marked against GKN, 257p, Hawker Siddeley, 228p, and Tubes, 378p. Scattered buying interest was evident in secondary issues. T. W. Ward responded to better-than-expected preliminary results with a rise of 4 to 83p, while Glynwed continued to benefit from recent Press mention and improved a similar amount to 108p. Wolseley-Hughes firmed 5 to 206p and Pegler Hattersley a like amount to 152p. Baker Perkins, a recent speculative favourite, rose 3 to 147p. Occasional support lifted Mining Supplies a few pence to 111p, while Camford Engineering, up 2 at 67p, reflected satisfaction with the preliminary statement. Howden Group firmed 3 to 88p awaiting today's interim results. Smaller-priced issues to make headway included Wm. Cook Sheffield, 24p, and Davies and Metcalfe, 26p, up 2 apiece.

Foods moved ahead on the appearance of a few small buyers. J. Sainsbury added 4 to 227p and Northern Foods 2 to 100p. Avana firmed 3 for a two-day gain of 5 to 82p in response to Press comment, but the lower interim profits left Somportex 2 cheaper at 62p, after 60p.

Hotels and Caterers continued firmly with Grand Metropolitan, 115p, and Trust Houses Forte, 258p, around 3 better, while Brent Walker advanced 3 to 53p.

Misc. leaders rise

Firm conditions prevailed in the miscellaneous Industrial leaders with a squeeze on bear positions prompting useful gains. Beecham were again notable for a rise of 11 to 643p, up 21 in two days, while Metal Box firmed 10 to 310p and Pilkington, 296p, and Unilever, 540p, added 6 apiece. Still on hopes that the group's Canadian subsidiary may soon be sold, Reed International ended 5 up at 157p, after 158p. Boots also put on 5, to 192p, as did Glaxo, at 515p. Elsewhere, speculative demand in a thin market lifted London Pavilion 50 to 975p and Hays Wharf gained 5 to 143p in response to Press comment. Chubb appreciated 5 to 149p in belated response to week-end comment and Gieves added 4 more to 103p on renewed specualtive support. Still excited by the increased stake taken in the company by Racal Electronics, Extel firmed 4 more to 140p, while similar improvements were seen in Fothergill and Harvey, 124p, Hanson Trust, 138p, and Johnson Cleaners, 110p. By way of contrast, Whatman Reeve Angel fell 15 late to 240p on the disclosure that the board issued 52,464 shares in respect of the conversion of the outstanding 8 per cent Convertible debentures 1987 of a subsidiary and that the shares were sold at an average price of 239⅞p each on behalf of the Converting debenture holders.

Leisure shares attracted further attention, but sometimes closed a shade below the day's best. Barr and Wallace Arnold Trust A put on 8 for a two-day gain of 11 to 118p, Saga Holidays added another 2 to 194p and Horizon Midlands firmed 4½ for a two-day gain of 12 to 139p. Pleasurama, annual results next Thursday, hardened 2 more to 94p. Norton ad Wright added 5 to 150p and Associated Leisure 3 to 74p.

Motors closed higher following small buying. Lucas, 304p, Dowty, 264p, and Jonas Woodhead, 89p all showed gains of around 4. Wilmot Breeden, still awaiting news of the exploratory talks with Rockwell International hardened 1½ to 84p. Useful gains were seen in Distributors where Heron rose 4 to 112p, after 114p, and Lookers gained the same amount to 64p, while British Car Auctions firmed 3 to 54½p. Ahead of today's half-timer, Fodens added 2 to 57p. Speculative counter ERF finished 4 better at 130p. Rolls-Royce moved ahead following delayed reaction to an investment recommendation and rose 2½ to 98½p.

Newspapers generally tended firm and News International put on 8 to 280p. Elsewhere support was forthcoming for takeover favourite Mills and Allen which advanced 7 to 227p, after 230p. Other notable rises included Saatchi and Saatchi, 6 better at 136p and John Waddington which, at 194p, recovered 4 of recent losses which followed the disappointing interim figures.

Properties encountered a better business than of late with the leaders making fair progress. Land Securities firmed 3 to 247p and MEPC 4 to 151p, while Stock Conversion and Bernard Sunley added 6 apiece to 294p and 270p respectively. Town and City put on ½ to 15p and Great Portland Estates 6 to 226p. Bellway improved afresh to 80p, up 3, as did Marler Estates, up 2 at 35p. Press comment highlighting the company's recovery potential directed buyers towards C. H. Beazer which gained 7 to 64p. Other notable rises included Westminster and Country Property which added 2 to 28½p and Amalgamated Estates (formerly Amalgamated Stores) ½ to the good at 13p.

Oil shares staged a useful technical recovery. British Petroleum, a particularly weak market of late on the Iranian situation, rebounded 16 to 910p, while Shell recorded a sympathetic improvement of 10 at 572p. Secondary issues followed in the wake of the leaders, Tricentrol improving 6 to 154p and Ultramar 4 to 218p, while Oil Exploration were also 4 dearer, at 214p. Recent Press mention continued to stimulate buying interest in Burmah, which gained 2 more to 87p.

Textiles closed with modest gains following another small business. Courtaulds rose 2 to 119p. Small buying in a thin market helped Ash Spinning to record a rise of 5 at 75p, while Sirdar added 3 to a 1978/9 peak of 83p on speculative support.

Active Australians

Australians were the most active sector of the mining markets. A strong performance in Sydney overnight was followed through in London and steady buying, helped by the firmness of the investment dollar premium, pushed prices up throughout the list.

Western Mining rose 7 to 150p, while Pancontinental gained 25 to 800p. Peko-Wallsend were 4 higher at 454p and MIM hardened 3 to 204p. Interest in the Ashton diamond venture continued and Conzinc Riotinto, the dominant partner, were 5 better at 305p.

The strength of Australians, allied to the rise among domestic industrial issues, helped Rio Tinto-Zinc, investment demand leading to a rise of 4 to 230p. Other London Financials held steady. Consolidated Gold Fields were 2 firmer at 185, Charter 1 harder at 131p and Selection Trust closed unchanged at 442p after touching 436p.

South African Financials again featured De Beers. New York buying overnight fuelled a further rise, and although there was Johannesburg selling in the morning it failed to stop the shares rising 8 more to 403p.

By contrast, South African Golds lacked a decided trend in front of the International Monetary Fund monthly auction of gold bullion. Little business developed and no stimulus was forthcoming from New York. Prices were mixed as the market drifted, leaving the Gold Mines Index 0.2 down at 137.8 and the ex-premium index up 0.4 at 97.0.

But the general undertone remained steady and there was little inclination to follow the bullion price downwards; at the close it was $6 lower at $219.375 an ounce.

Among the heavily-priced shares, Randfontein closed ¼ higher at £28½, but FS Geduld at £13¾ eased by the same amount.

Rhodesians and Tins lacked features, but, among Coppers, Messina attracted a few buyers after the chairman's statement about a more encouraging dividend outlook and the shares rose 3 to 82p.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

For rate indications see end of Share Information Service

Money was given for the call in Armour Trust, Lonrho, Howard Shuttering, Fitch Lovell, U.D.T., Hampson Inds., Tace, Spillers, Mills and Allen, Ault and Wiborg, Royco, Britannia Arrow, Fraser Ansbacher, Town and City, Ultramar, Matthew Clark, M.F.I. and Charterhall. A put was completed in Vickers, while doubles to be arranged included Reed International, Vickers, Lonrho, U.D.T. and Charterhall.

FINANCIAL TIMES STOCK INDICES

—	Jan. 3	Jan. 2	Dec. 29	Dec. 28	Dec. 27	Dec. 22	A year ago
Government Secs.	68.47	68.60	68.69	68.66	68.66	68.67	78.36
Fixed Interest	70.24	70.30	70.23	70.22	70.22	70.37	81.17
Industrial	479.9	473.0	470.9	472.9	478.2	479.3	487.8
Gold Mines	137.8	138.0	141.5	143.2	142.5	141.1	138.3
Gold Mines(Ex-$ pm)	97.0	96.6	99.1	100.2	99.6	99.8	109.3
Ord. Div. Yield	6.02	6.11	6.13	6.10	6.05	6.02	5.50
Earnings, Y'ld % (full)	15.79	16.05	16.08	16.00	15.82	15.79	16.73
P/E Ratio (net) (*)	8.23	8.11	8.08	8.12	8.21	8.23	8.48
Dealings marked	3,005	2,465	2,555	2,445	1,674	1,793	4,747
Equity turnover £m.	—	39.15	51.38	47.67	16.80	27.28	69.34
Equity bargains total	—	7,712	8,403	10,266	5,057	6,039	14,715

10 am 474.0. 11 am 478.0. Noon 478.3. 1 pm 478.7.
2 pm 479.2. 3 pm 479.4.
Latest Index 01-236 8026.
* Nil=7.98.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex$ pm index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1/78)	67.92 (10/11/78)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	69.30 (13/11/78)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.5 (14/8/78)	134.1 (29/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Jan. 3	Jan. 2
—Daily		
Gilt Edged	110.7	79.6
Industrials	99.8	88.8
Speculative	23.9	18.9
Totals	88.4	56.1
5-d'y Av'r'ge		
Gilt Edged	89.6	78.1
Industrials	82.9	75.3
Speculative	19.1	18.0
Totals	65.5	49.8

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted by the Share Information service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (51)

BRITISH FUNDS (1)
Treas. Variable 1981
BANKS (3)
First Natl. Warrants, Cie. Bancaire, Gerrard National
BEERS (1)
Burtonwood
STORES (2)
Boardman (K. O.), Samuel (H.) A
ELECTRICALS (1)
Sound Diffusion
ENGINEERING (1)
Ward (T. W.)
FOODS (4)
Avana, Edwards (L. C.), Matthews (B.), Morrison (W.)
HOTELS (2)
City Hotels, Mount Charlotte
INDUSTRIALS (15)
Arenson (A.), British Vita, Caplan Profile, Dufay Bitumastic, Eleco, Extel, Fothergill & Harvey, Hamilborne, Kennedy Smale, Lawtex, Medminster, Provincial Laundries, Restmor, Sketchley, Toye
INSURANCE (1)
Edinburgh Gen. Inv.
LEISURE (4)
Barr & W.A.T. A, Horizon Midlands, Pleasurama, Saga Holidays
MOTORS (1)
Wilmot-Breeden
PROPERTY (9)
Amal. Stores, Centrovincial Ests., Do. Cap., County & District, Law Land, Mountview, Peachey, Prop. Sec. Inv., Stock Conversion
TEXTILES (2)
British Enkalon, Foster (J.), Sirdar
TRUSTS (2)
Kellock, Kellock Conv. Ln.
OVERSEAS TRADERS (1)
Aust. Agricultural

NEW LOWS (3)

BANKS (1)
Hill Samuel Wts.
BUILDINGS (1)
Monk (A.)
INDUSTRIALS (1)
British Syphon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	11	51	18
Corpns., Dom. and Foreign Bonds	6	6	54
Industrials	564	91	875
Financial and Prop.	250	9	284
Oils	16	1	20
Plantation	13	—	19
Mines	41	18	82
Recent Issues	9	2	24
Totals	909	178	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	14	910	+16	954	720
Beecham	25p	11	643	+11	726	581
ICI	£1	11	366	+ 4	421	328
Metal Box 'New'	£1	10	308	+ 8	320	298
Barclays Bank	£1	8	370	+ 5	372	296
Crellon	10p	7	20	+ 4	21	12½
Lucas Inds.	£1	7	304	+ 4	338	240
Marks & Spencer	25p	7	87	+ 3	94	67½
Shell Transport	25p	7	572	+10	602	484
Boots	25p	6	192	+ 5	237	184
GEC	25p	6	326	+ 3	349	233
Grand Met.	50p	6	115	+ 2	121	87
Johnson-Richards Tiles	25p	6	126	+17	135	79
Lloyds Bank	£1	6	290	+ 3	297	242
RTZ	25p	6	230	+ 4	263	164

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	900	24	41	58	17	82	1	908p
BP	950	2	34	31	4	49	—	"
BP	1,000	½	28	12	—	28	—	"
Com Union	140	11	20	16	—	19	—	150p
Com Union	160	¾	10	5	—	8	—	"
Cons Gold	160	26	—	34	—	36	15	184p
Cons Gold	180	7	44	16	30	22	—	"
Courtaulds	110	11½	—	9	7	18	—	119p
Courtaulds	120	4	—	5	15	11	—	"
Courtaulds	130	¾	—	—	—	—	2	"
GEC	300	29	1	43	11	53	—	326p
GEC	330	7	15	22	12	34	—	"
GEC	360	½	—	9½	5	20	5	"
Grand Met.	110	6½	12	10½	6	13½	—	115p
Grand Met.	120	1¾	22	6	25	8½	—	"
ICI	360	12½	10	21	—	36	—	367p
ICI	390	2	1	10½	8	21	—	"
Land Secs	240	9½	2	19	—	25	—	247p
Land Secs	260	1	10	9	—	14	—	"
Marks & Sp	80	7½	6	11	1	13½	—	87p
Marks & Sp	90	¾	—	5½	10	8½	—	"
Shell	550	22	6	43	—	49	—	570p
Totals			262		161		26	
		February		May		August		
Boc Intl.	70	1½	21	4	—	8	—	68p
Boots	200	4½	11	12½	—	17	—	191p
Boots	240	½	2	2	—	—	—	"
EMI	130	15	—	20	—	23	3	142p
EMI	140	8	12	14	—	17	6	"
EMI	160	1½	—	5½	2	9½	—	"
RTZ	240	7	7	15	—	20	—	250p
RTZ	260	2	4	6	—	12	—	"
Totals			67		2		9	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978-79 High	1978-79 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
A$0.50	F.P.	—	78	61	Ashton Mining 50c.	76	...	—	—	—	—
A$125	F.P.	—	106	97	††Aust. Farming A$1	97	...	—	—	—	—
‡‡	F.P.	—	146	140	Costain Defd.	140	...	—	—	—	—
155	F.P.	10/1	176	170	HarrisQueensw'y 20p	170	−2	r7.8	3.1	6.8	7.1
29	F.P.	6/1	31	29	Kitchen Queen 10p	29	...	b1.34	3.4	6.9	4.8
**	F.P.	—	34	33	M. Y. Dart Defd.	34	...	—	—	—	—
110	F.P.	—	135	115	Mill'tsL's'reShps20p	132	+1	b5.7	1.8	6.4	12.7

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978-79 High	1978-79 Low	Stock	Closing Price	+ or −
‡‡	F.P.	16/2	109p	109p	Assoc. Dairies 9½% Pref.	108p	...
‡	F.P.	26/1	100	89¾	Colne Valley Water 8% Red Prf. 1985	101	...
‡100p	F.P.	28/12	100½p	99p	Findlay 8% Cnv. Cum. Red. Prf.	100p	...
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hawley Goodall [illegible] Cnv. Uns. Ln. [illegible]	[illegible]	[illegible]
£1	F.P.	23/12	99p	97p	Newman Inds. 10½% Acc. Pref.	99p	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kent Water [illegible] Pref. 1984	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	RivingtonReed [illegible] Cnv. Cum. Red. Prf.	[illegible]	[illegible]
97p	F.P.	5/1	99p	98p	Seascope 10½% Pref.	99p	[illegible]

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or −
60	Nil	—	—	[illegible]	Associated Biscuit	[illegible]	[illegible]
560	F.P.	[illegible]	660	596	Beecham	650	[illegible]
17	F.P.	[illegible]	[illegible]	[illegible]	Boulton (Wm.)	[illegible]	[illegible]
67	F.P.	[illegible]	[illegible]	[illegible]	Capper-Neill	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Clifford (Chas.)	[illegible]	[illegible]
110	F.P.	[illegible]	[illegible]	101	Dixon (D.)	114	[illegible]
51	F.P.	[illegible]	55	47	Foster (John)	53	[illegible]
130	F.P.	[illegible]	[illegible]	[illegible]	Hoskins & Horton	[illegible]	[illegible]
210	F.P.	[illegible]	[illegible]	[illegible]	Lep Group	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	M. L. Holdings	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Metal Box	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Milbury	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Shelbourne & Pitt	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Slater Electrical Defd.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tern Consulate	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	York Fine Woollen	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. [illegible] ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✦ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Jan. 3, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues., Jan. 2 Index No.	Fri., Dec. 29 Index No.	Thurs., Dec. 28 Index No.	Wed., Dec. 27 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	234.29	+1.3	17.11	5.56	8.00	231.39	230.71	232.08	234.82	218.50
2	Building Materials (27)	206.12	+1.2	18.30	6.27	7.51	203.61	203.37	204.35	206.80	194.17
3	Contracting, Construction (28)	361.89	+1.2	21.41	4.60	6.71	357.67	357.94	358.58	362.77	344.37
4	Electricals (15)	546.22	+1.0	13.72	3.48	10.03	540.58	536.74	541.92	549.94	461.63
5	Engineering Contractors (14)	357.58	+1.4	18.23	6.03	7.46	352.74	352.47	354.51	357.92	380.03
6	Mechanical Engineering (72)	183.82	+1.4	18.33	6.10	7.27	181.34	181.29	182.01	183.81	162.23
8	Metals and Metal Forming (16)	162.75	+1.5	16.79	8.78	8.28	160.27	159.35	160.43	162.06	159.98
	CONSUMER GOODS										
11	(DURABLE) (53)	210.39	+1.5	16.68	5.13	7.99	207.34	207.15	209.06	210.71	193.66
12	Lt. Electronics, Radio, TV (16)	266.35	+1.7	13.99	3.92	10.02	261.89	261.91	265.01	267.34	232.51
13	Household Goods (12)	165.93	+0.4	18.20	6.87	7.54	165.25	166.34	166.85	166.43	183.89
14	Motors and Distributors (25)	121.62	+1.3	21.15	6.92	5.93	120.09	119.57	120.28	121.30	117.27
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	210.15	+1.4	16.23	6.07	8.20	207.21	206.66	207.54	209.18	204.74
22	Breweries (14)	232.38	+1.0	15.80	6.46	7.97	230.12	231.47	233.25	234.04	228.54
23	Wines and Spirits (6)	285.71	+2.3	16.26	5.22	9.03	279.15	282.48	282.92	286.96	248.44
24	Entertainment, Catering (17)	273.27	+1.5	13.57	6.44	10.75	269.24	267.55	269.29	272.06	267.13
25	Food Manufacturing (19)	202.53	+1.3	18.75	5.58	7.08	199.92	199.66	200.01	201.94	200.43
26	Food Retailing (15)	231.21	+1.0	14.40	5.09	9.48	228.83	227.62	228.00	230.15	216.52
32	Newspapers, Publishing (12)	371.03	+1.4	21.68	6.54	6.51	366.08	367.88	369.95	372.05	357.63
33	Packaging and Paper (15)	133.28	+1.9	19.12	7.90	6.82	130.82	130.73	131.43	132.89	131.95
34	Stores (40)	195.38	+1.9	12.13	4.87	11.86	191.74	189.76	190.80	192.49	196.60
35	Textiles (23)	180.68	+1.2	17.81	8.28	7.26	178.59	178.39	178.31	179.98	171.69
36	Tobaccos (3)	236.05	+0.4	23.50	7.95	5.03	235.08	235.18	236.07	236.07	224.56
37	Toys and Games (6)	91.65	+0.8	24.21	7.15	4.87	90.89	91.46	92.28	92.28	100.45
41	OTHER GROUPS (99)	196.61	+1.1	15.80	6.33	8.15	194.38	193.79	194.66	195.87	194.19
42	Chemicals (19)	278.28	+0.9	16.00	6.79	8.16	275.67	275.26	276.77	278.67	259.36
43	Pharmaceutical Products (7)	248.35	+1.3	11.17	4.68	10.84	245.15	242.72	243.76	243.75	259.87
44	Office Equipment (6)	131.01	+1.3	18.55	5.90	6.43	129.31	128.71	128.75	128.55	129.20
45	Shipping (10)	408.18	+0.7	14.82	7.45	8.56	405.44	406.20	405.69	411.37	477.97
46	Miscellaneous (57)	211.54	+1.3	18.18	6.79	7.32	208.80	208.63	209.79	211.82	206.62
49	INDUSTRIAL GROUP (494)	219.64	+1.3	16.38	5.93	8.12	216.79	216.21	217.31	219.17	209.65
51	Oils (6)	510.47	+1.8	13.68	3.94	7.95	501.52	505.29	509.20	515.60	470.42
59	500 SHARE INDEX	243.80	+1.4	15.96	5.62	8.09	240.47	240.20	241.52	243.73	231.46
61	FINANCIAL GROUP (115)	170.95	+1.2	—	5.68	—	168.88	167.85	168.81	170.52	174.39
62	Banks (6)	202.17	+1.7	23.30	5.83	6.43	198.80	195.51	197.89	199.57	197.89
63	Discount Houses (10)	218.62	+2.7	—	8.09	—	212.93	212.93	212.93	212.93	228.33
64	Hire Purchase (5)	165.83	+0.5	14.69	5.14	8.98	165.00	163.63	165.09	166.07	166.74
65	Insurance (Life) (10)	135.30	+1.4	—	6.95	—	133.47	133.13	133.91	135.77	145.04
66	Insurance (Composite) (7)	124.54	+1.0	—	7.04	—	123.32	122.51	122.65	124.74	139.75
67	Insurance Brokers (10)	310.08	+0.3	15.42	5.43	9.26	309.28	309.53	310.12	314.48	324.37
68	Merchant Banks (14)	78.26	+0.8	—	6.26	—	77.62	77.40	77.37	77.67	82.75
69	Property (43)	270.94	+1.4	3.83	2.98	41.79	267.26	267.42	268.89	270.20	249.28
70	Miscellaneous (10)	113.46	+0.4	22.07	6.94	5.73	113.01	113.84	113.88	114.16	108.91
71	Investment Trusts (111)	203.96	+0.8	—	5.18	—	202.36	202.80	203.80	204.04	203.05
81	Mining Finance (4)	102.66	+1.2	18.31	6.94	6.73	101.39	101.26	100.86	101.48	91.56
91	Overseas Traders (20)	296.94	+1.5	16.43	7.90	7.63	292.50	292.68	293.61	296.02	282.61
99	ALL-SHARE INDEX (750)	223.52	+1.3	—	5.68	—	220.60	220.22	221.39	223.36	215.10

FIXED INTEREST PRICE INDICES

	British Government	Wed., Jan. 3	Day's change %	xd adj. To-day	xd adj. 1979 to date
1	Under 5 years	102.75	+0.03	—	0.00
2	5-15 years	110.61	−0.12	—	0.00
3	Over 15 years	115.26	−0.14	—	0.00
4	Irredeemables	122.36	−0.39	—	0.00
5	All stocks	109.08	−0.08	—	0.00

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Wed., Jan. 3	Tues., Jan. 2	Year ago (approx.)
1	Low Coupons	5 years	9.70	9.69	7.08
2		15 years	11.43	11.40	9.16
3		25 years	12.24	12.20	9.79
4	Medium Coupons	5 years	12.80	12.78	9.34
5		15 years	12.82	12.79	10.22
6		25 years	12.82	12.79	10.39
7	High Coupons	5 years	12.84	12.82	9.74
8		15 years	13.36	13.35	11.18
9		25 years	13.36	13.33	11.37
10	Irredeemables		11.90	11.93	9.88

		Wed., Jan. 3 Index No.	Yield %	Tues. Jan. 2	Fri. Dec. 29	Thurs. Dec. 28	Wed. Dec. 27	Tues. Dec. [illegible]	Mon. Dec. [illegible]	Fri. Dec. [illegible]	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	54.91	13.51	54.91	54.81	54.81	54.83	54.83	[illegible]	55.15	62.69
16	Investment Trust Prefs. (15)	51.34	15.64	51.34	51.17	51.17	51.17	51.17	[illegible]	50.96	56.08
17	Coml. and Indl. Prefs. (20)	72.57	12.91	72.57	72.58	72.58	72.58	72.49	[illegible]	73.74	77.98

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

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AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Jan. 2	36.9	38.9xd	.....	5.95
Exempt Dec. 29	99.5	103.5	.....	5.41

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333

MLA Units	45.7	48.0	−3.0	3.96

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	82.1	87.4	.....	3.57

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	51.6	55.2xd	.....	6.66
Mutual Inc. Tst.	69.4	74.6	+0.2	7.77
Mutual Blue Chip	43.6	47.4	+0.2	6.87
Mutual High Yld.	56.3	60.6	+0.1	8.90

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 9151

Income Dec. 27	157.6	163.4	.....	6.01
(Accum. Units)	219.0	227.2	.....	6.01
Capt. Dec. 27	135.0	140.0	.....	4.16
(Accum. Units)	164.8	170.8	.....	4.16

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth.Un.Tst.	47.0	50.0	+0.2	4.95
(Accum. Units)**	58.3	62.1	+0.2	4.95
NPI O'seas. Trust	130.0	137.6	−0.5	2.35
(Accum. Units)**	139.6	147.8	−0.6	2.35

**Prices on Dec. 29. Next dealing Jan. 25.
*Prices on Jan. 3. Next dealing Jan. 17.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060.

Capital (Accum.)	65.9	70.8	+0.7	4.58
Extra Inc.	66.1	71.0	+0.8	8.24
Financial	34.5	37.0	+0.4	5.42
Growth Inv.	87.6	94.1	+1.0	5.10
Income	34.8	37.4	−0.5	7.33
Portfolio Inv. Fd.	69.6	72.8xd	+0.8	6.06
Universal Fd.(d)	53.4	57.4	+0.6	2.48

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911

Nelstar	59.4	62.5	+0.5	5.27
Nelstar High Inc.	49.2	51.7	+0.4	8.06

Guilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	105.1	109.5	.....	4.52
Quadrant Income	132.3	136.4	.....	8.04

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	66.7	71.3	.....	6.34
Sekforde T. (Acc.)	45.7	48.9	+0.5	5.56
Sekforde T. Inc.	43.7	46.7	+0.5	5.56

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	93	99xd	.....	2.87
Ridgefield Income	92	98xd	.....	9.90

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	169.1	179.8	+1.6	3.48
N.C. Engy. Res. Tst.	107.4	114.2	+0.4	2.52
N.C. Income Fund	147.1	156.4	+1.6	7.65
N.C. Intl. Fd. (Inc.)	84.0	89.3	+0.9	1.75
N.C. Intl. Fd. (Acc.)	85.1	90.5	+1.0	1.75
N.C. Smllr Coys Fd.	158.1	168.2	+1.6	4.60

Rothschild & Lowndes Mgmt. (a)
St. Swithins Lane, Ldn., EC4. 01-626 4356

New Ct. Exempt	£124.0	131.0	.....	3.98

Prices on Dec. 15. Next dealing Jan. 15.

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American Dec. 28	65.5	68.5	.....	1.73
Securities Jan. 3	173.5	182.5	−2.0	4.50
High Yld. Dec. 29	53.5	56.2	.....	8.93
(Accum. Units)	78.2	82.2	.....	8.93
Merlin Jan. 3	78.8	83.0	−0.5	4.42
(Accum. Units)	97.3	102.5	−0.5	4.42

Royal Tst. Can. Fd. Mgrs. Ltd.
54, Jermyn Street, S.W.1. 01-629 8252

Capital Fd.	67.0	70.7	.....	3.69
Income Fd.	68.7	72.5	.....	7.76

Prices at Dec. 29. Next dealing Jan. 15.

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP

Schlesinger Trust Mngrs. Ltd. (a) (z)
140, South Street, Dorking.

Am. Exempt
Am. Growth
Am. Smaller Cos.
Exempt High Yld.
Exempt Mkt. Ldrs.
Extra Inc. Tst.
Income Dist.
Inc. 10% Wdrwl.
Inv. Tst. Units
Intl. Growth
Market Leaders
'Nil Yield'
Pref. & Gilt Trust
Property Shares
Special Sit. Tst.
U.K. Grth. Accum.
U.K. Grth. Dist.

J. Henry Schroder Wagg & Co. Ltd.♥
120, Cheapside, E.C.2.

Capital Jan. 2
(Accum.)
Income Jan. 2
(Accum. Units)
General Dec. 27
(Accum. Units)
Europe Dec. 28
(Accum. Units)
*Pn.&ChaFd Dec 29
*Spec Ex. Dec 29
*Recovery Dec 29

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh

Income Units
Accum. Units

Sebag Unit Tst. Managers Ltd.♥ (a)
PO Box 511, Bcklbry. Hse., E.C.4.

Sebag Capital Fd.
Sebag Income Fd.

Security Selection Ltd.
15-19, Lincoln's Inn Fields, WC2.

Unvl Gth Tst Acc
Unvl Gth Tst Inc

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Jardine Flem.Int.	HK$11.80	.....	—
Intl.Pac.Secs.(Inc.)	HK$13.64	.....	—
Do. (Accum.)	HK$13.78	.....	—

NAV Dec. 14. *Equivalent $US83.32
Next sub. day December 29.

T.M.T. Ltd. Dec.14	£10.28	10.59	.....	—

World Wide Growth Managementϕ
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US15.11	−0.01	—

NOTES

Prices do not include $ premium, except where indicated ϕ, and are in pence unless otherwise indicated. Yields % (shown in last column allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ϕ. ¶ Guernsey gross. # Suspended. ϕ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

CORAL INDEX: Close —

INSURANCE BASE RATES

†Property Growth	11¾%
†Vanbrugh Guaranteed	10.87%

†Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1978-79 High	Low	Stock	Price £	+ or —	Int.	Red.
81½	72	Do. 6¾pcDb. '81-84	74½xd	......	8.40	12.40
99	88	Do. 10½pc Uns.Ln. '86	88xd	......	11.93	12.95
99¼	88	Do. 11pc Uns.Ln. '88	88xd	......	12.50	13.20
101½	90	Do. 11¾pc Uns.Ln. '90	90½xd	......	12.98	13.42
71½	61	Do. 7¼pcA Deb. '89-92	61½xd	......	11.79	13.40
77½	61	Do. 7¼pcA Db. '91-94	63	......	11.93	13.25
84½	72	Do. 9pc 'A' '91-94	73	......	12.81	13.65
81¼	68	Do. 8¾pcLn. '92-97	70½	......	13.29	13.50

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23	......	—	—
41	33	Do. 5pc Pref.	39xd	......	—	—
98	98	Chilean Mixed	98	......	—	13.10
22	6	Chinese 4½pc 1898	21	+1½	—	—
35	4½	Do. 5pc 1912	35	+½	—	—
20½	4½	Do. 5pc 1925 Boxer	19½	......	—	—
415	350	German Yng. 4½pc.	415	......	4½	—
54	46	Greek 7pc Ass.	50	......	3½	17.20
51	46	Do 6pc 28 Stab. Ass.	49	......	6	16.24
44	40	Do 4pc Mixed Ass.	40	......	4	15.13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 41¾% (based on US$2.0115 per £)
Conversion factor 0.7039 (0.6997)

CANADIANS

S.E. List Premium 41¾% (based on $2.3912 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
£20	£15	C'hgn. Hbk. Kr100	£17½	+½	Q12%	—	6.7	—
32	18	Corinthian 10p	32	......	†0.71	7.3	3.3	5.5
£24	£13¾	Cred. France F75	£21	+¼	Q9.87%	—	3.1	—
46	7	Dawes (G. R.)	15	......	—	—	—	—
£121¼	£89	Deutsche Bank DM50	£118	+2	Q18%	—	2.0	—
83½	58	F. C. Finance	70	......	†2.03	2.6	4.3	13.4
8¼	1¾	First Nat. 10p	6	+¼	—	—	—	—
2¼	½	Do. Wrrts. 75-83	2¼	+¼	—	—	—	—
13½	9½	Fraser Ans. 10p	13½	......	—	—	—	—
198	157	Gerrard Natnl.	198	+9	g9.12	—	6.9	—
59	37	Gibbs (A.)	48	......	2.23	—	6.9	—
255	195	Gillett Bros. £1	220	......	15.41	—	10.5	—
29	19	Goode D't Mry. 5p	20	......	0.13	—	0.9	—
142	96	Grindlays	126	......	2.79	7.1	3.3	4.5
130	93	Guinness Peat	115	+4	h5.15	—	6.7	—
217	155	Hambros	185	......	†9.76	—	7.9	—
100	81	Hill Samuel	85	......	†4.97	—	8.7	—
600	175	Do. Warrants	175	-12	—	—	—	—
360	203	Hong Shng. $2.50	263	+8	hQ59c	—	2.6	—
69	52	Jessel Toynbee	64	......	g3.65	—	8.5	—
215	150	Joseph (Leo) £1	155	......	8.74	—	8.4	—
55	37	Keyser Ullmann	46	......	0.67	—	2.2	—
74	56	King & Shax 20p	64	......	3.44	—	8.2	—

BANKS & HP—Continued

Hire Purchase, etc.

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TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

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FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	11	......	—	—	—
140	64	Bougainville 50 Toea	137	+2	†Q8c	1.4	3.7
131	63	BH South 50c	113	......	—	—	—
820	150	Central Pacific	370	+20	—	—	—
336	148	Conzinc Riotinto 50c.	305	+5	‡Q10c	2.2	‡
32	19	Cultus Pacific N.L.	26	......	—	—	—
27	9½	Endeavour 20c	20	+½	—	—	—
75	45	G.M. Kalgoorlie $1	64	+2	—	—	—
68	18	Haoma Gold N.L.	37	+3	—	—	—
158	81	Hampton Areas 5p.	148	......	‡t3.55	2.0	3.6
40	10	Metals Ex. 50c	26	......	—	—	—
223	125	M.I.M. Hldgs. 50c	204	+3	Q9c	1.7	2.7
22	10	Minefields Expl.	15	......	—	—	—
40	10	Mount Lyell 25c	40	+2	—	—	—
56	12	Newmetal 20c	44	+2	—	—	—
143	79	North B. Hill 50c	109	......	Q8c	1.3	4.5
16½	8½	Nth. Kalgurli	12	+½	—	—	—
50	12	Nth. West Mining	30	+1	—	—	—
178	115	Oakbridge $A1	133	......	Q12c	1.9	9.9
42	10	††Oilmin N.L.	22	......	—	—	—
70	30	Pacific Copper	60	......	—	—	—
£15½	725	Pancont'l 25c	800	+25	—	—	—
40	12	Parioga M&Ex.5p	18	+½	—	—	—
570	310	Peko-Wallsend 50c.	454	+4	Q15c	ϕ	2.0
300	50	Southern Pacific	150	−3	—	—	—
164	84	Westn. Mining 50c.	150	+7	Q3c	0.7	1.2
100	35	Whim Creek 20c	60	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	......	2.81	1.3	17.4
420	240	Ayer Hitam $M1	340	+5	Q300c	0.5	19.0
60	45	Beralt Tin	54	......	4.0	ϕ	11.1
305	190	Berjuntai $M1	220	......	Q110c	1.0	10.7
185	111	Geevor	150xd	+5	H5.57	5.8	5.5
11	8½	Gold & Base 12½p	10	......	—	—	—
350	220	Gopeng Cons.	300	+5	†15.36	0.9	7.6
320	130	Hongkong	312	......	12.5	ϕ	6.0
93	64	Idris 10p	64	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting $M0.50	67	−1	†Q12.5c	2.1	4.0
640	450	Killinghall	575xd	......	Q128.36	ϕ	22.3
470	280	Malay Dredging $M1	365	......	Q175c	0.7	10.3
78	40	ΔPahang	43	......	—	—	—
78	50	Pengkalen 10p	60	......	6.60	1.3	16.4

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MISCELLANEOUS

GOLDS EX-$ PREMIUM

NOTES

"Recent Issues" and "Rights" Page 26

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Bdg'wtr. Est. 50p	323	......
Clover Croft	28	......
Craig & Rose £1	615	......
Dyson (R. A.) A	35	......
Ellis & McHdy	69	+3
Evered	24	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	140	......
Higsons Brew	74	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	202	+5
N'thn. Goldsmith	75	+2
Pearce (C. H.)	198	......
Peel Mills	22½	+½

IRISH

Conv. 9% '80/82	£98	......
Alliance Gas	99	......
Arnott	370	......
Carroll (P.J.)	92xd	......
Clondalkin	100	......
Concrete Prods.	143	+13
Heiton (Hldgs.)	49	......
Ins. Corp.	168	......
Irish Ropes	102½xd	......
Jacob	50	......
T.M.G.	190	......
Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	29
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday January 4 1979

Lawyer picked to form government for Iran

BY SIMON HENDERSON IN TEHRAN

DR. SHAHPOUR BAKHTIAR, a relatively unknown lawyer, was given the formidable task yesterday of forming a civilian government to guide Iran out of political chaos. Both houses of parliament approved his appointment as Prime Minister-designate.

In what may prove to be a significant policy departure, Dr. Bakhtiar hinted that his government might refuse to sell oil to Israel and South Africa. Both countries are heavily dependent on Iranian oil supplies.

South Africa, until very recently, received as much as 90 per cent of its crude oil from Iran while Israel is also heavily dependant on the Iranian oilfields.

In answer to a question about whether Iran would supply Israel and South Africa with oil, Dr. Bakhtiar said: "Given the conflict that opposes us in a religious context, I think my government will not do that."

"Israel should reach agreement with her Arab neighbours who, like Iran, were Islamic countries.

On the key question of whether the Shah was to leave the country, Dr. Bakhtiar was deliberately evasive. He denied having said that the Shah would leave, blaming journalists for misrepresenting his words. The Shah had merely expressed his desire for "a rest and vacation."

The question was delicate. "We have a constitution and a king. The constitution has been violated from the first to last, but to say that the King must leave, I see no precise link."

Speaking mainly in fluent French his home in North Tehran, Dr. Bakhtiar, who was expelled from the opposition National Front last Saturday, said that he was not yet Prime Minister, but he hoped to present his government in the next three days.

The Shah appointed as Chief of Staff yesterday Gen. Abbas Gharabaghi, the Interior Minister in the short-lived military government of General Gholam Azhari, Dr. Bakhtiar's predecessor.

However, the difficulty of Dr. Bakhtiar's task could be judged by the fact that he spoke unaccompanied by any of his prospective Ministers. These have still to be introduced to Parliament in the formal constitutional way. He said his Cabinet list was top secret, but the personalities were new faces, not having held the post of Minister for 25 years. A picture of the nationalist premier of the 1950s, Dr. Mossadegh, who forced the Shah to flee the country at the time, was held up prominently behind Dr. Bakhtiar as he spoke.

Observers here firmly believe Dr. Bakhtiar still has a long way to go before taking over power as he has yet to win open support from the anti-Shah Moslem clergy as well as sections of the senior generals who are believed to prefer that the Shah stays at any cost.

Dr. Bakhtiar said he hoped to lift martial law gradually, but conceded that there was a possibility of a military coup.

On a further new note of policy, he said that the feared secret police Savak was divided into two parts, information and what he called "the other." By this he presumably meant Savak's repressive role. This other part would definitely be abolished.

Editorial comment, Page 16
Men and Matters, Page 16

GENERAL ORTIN

Terrorists gun down military governor

By Robert Graham in Madrid

TWO UNIDENTIFIED gunmen yesterday assassinated Major-General Constantino Ortin Gil, the military governor of Madrid, outside his home in the centre of the city.

It was the second terrorist attack on a military officer this year and a further indication of the increasing wave of politically-motivated violence in Spain.

The assassination of such a high-ranking army officer augurs ill for a peaceful general election campaign. A week ago, Sr. Adolpho Suarez, the Prime Minister, announced that general elections would be held on March 1 and already the political parties have begun mapping campaign strategies.

General Ortin was shot at midday near the Retiro Park in Madrid. An adjutant with him was apparently unhurt. The general was taken to hospital with four bullet wounds but died shortly afterwards.

The post of military governor is a relic of the Franco era. He had an important function then, being responsible for military law an order and the supervision of martial law if introduced.

On Tuesday, Major Jose Maria Herrera, adjutant to the military governor of Guipuzcoa province in the Basque country, was shot dead in San Sebastian — an act for which the militant Basque separatist group, ETA, claimed the responsibility yesterday. Recently, ETA also attempted to abduct the military governor of Guipuzcoa.

The killing of General Ortin is the most important act of terrorism since the killing in Madrid in July of a lieutenant-general and his aide.

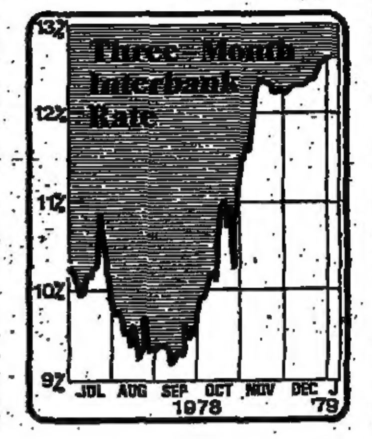
THE LEX COLUMN

Identikit offer from Norcros

Last May Johnson-Richards Tiles accepted terms worth around 137p from Hepworth Ceramic, only for the offer to lapse when the merger was referred to the Monopolies Commission. Now Norcros is attempting to take up the running where Hepworth left off, by proposing provisional terms of five Norcros Ordinary plus 360p in cash for every six J-R shares. On the basis of last Friday's price for Norcros the value works out, by a not very amazing coincidence, at 137p a share, with a cash content of 60p a share against 58p for the old Hepworth version. The rationale for the new proposal is different, however. Whereas Hepworth pointed to the advantages on the manufacturing side, where it would have been expanding within its existing field of clay technology, Norcros is arguing more flimsily that there could be marketing benefits from linking the J-R tiles business with its fitted furniture and window operations. Such an approach could score with the Office of Fair Trading, but not necessarily with shareholders.

Certainly J-R claims not to see much sense in the proposal but it is willing to hold talks, and the Board must be conscious of the group of big shareholders who last year expressed interest in any offers over 125p. Two points will quickly be made in any price negotiations. First, the setback in the Norcros share price has trimmed the value of the mooted terms to 132p. Secondly, J-R's profits are likely to be usefully higher than the £5.5m achieved for the year to last March; the interim results are not due out for a few days yet, but brokers are talking of £6.75m for the full year. With the shares up only 17p to 128p last night, the market was not convinced that Norcros can succeed where Hepworth failed.

Index rose 6.9 to 479.9



Thos. W. Ward

THOS. W. WARD'S rationalisation programme—largely a series of disposals—has taken the strain off the group's balance sheet. Net debt has fallen to 48 per cent of shareholders' funds, against 77 per cent in September 1977, and the interest charge was £1m lower at £2.98m in 1977-78. Overall the disposals had a negligible effect on pre-tax profits, which rose 55 per cent to £11.88m, although in the engineering division the 124 per cent increase in trading profit, to £1.28m, reflects the sale of Thomas Smith and Sons (Rodley), which had been losing heavily.

The group's efforts to put its house back in order were given a substantial help by the sharp upturn in the scrap market in the second half of the year, when British Steel began buying again on a market that was already starting to firm as the UK scrap surplus was being siphoned off into export markets. Second half trading profits in iron and steel, boosted by stock profits, more than doubled from first half levels and in the year as a whole the division showed a 46 per cent increase despite the disposal of some profitable businesses.

Ward may be back on the right road, but the going from now on is likely to prove rather slower. The scrap market is a little weaker now than at the end of the summer, stock profits will not be repeated, the Ford strike will probably cost the motor vehicle side around £0.2m and the growth outlook for the construction side is uncertain. But the share is well supported at 83p by a yield of 8.8 per cent, thanks to a 14.2 per cent dividend increase under the cover rule. The fully taxed p/e is 7.4.

Currencies

Volume on the foreign exchanges rose yesterday after the thin days of the holiday period but the markets remained as volatile as ever. It was the dollar's turn to stage a substantial recovery as very high Eurodollar rates at the European opening (a hangover from the tight U.S. market conditions of the previous day) made it most unattractive to be short of dollars.

There was perhaps some surprise that the dollar had not come under heavier pressure on Tuesday, the first dealing day of the year, and only a gentle nudge from the central banks was needed, in the absence of any more bad news from Iran, to encourage strong dollar buying.

This enabled Eurodollar rates to ease again, by as much as 0.25 points in some CD maturities. But other markets were unconvinced by the short-term gyrations of the dollar and the U.S. money markets, from which no clear message seems to be emerging.

So Eurodollar bond prices were unchanged to slightly lower and in the London money market, where U.S. rates are still under agonising scrutiny, interbank sterling rates for three months and more hardly moved despite very easy overnight money.

Wilson Walton

Wilson Walton Engineering's main claim to fame is that it was the first company to test the new issue market in 1976 after a two and a half year lull. Brought to the market by Energy, Finance and General Trust, Wilson Walton's glamorous North Sea pedigree looked impressive with pre-tax profits jumping from £10,000 to over £700,000 in just five years. However, the City was unimpressed—the issue flopped—and judging from the latest interim statement the initial doubts seem well justified.

Although Wilson Walton's financial year had already closed at the end of last month, the half year figures have only just appeared—pre-tax profits have fallen by more than half to £218,000 and the interim dividend has been passed. Still worse, the company now admits that it is not going to make as much money as it first thought on contracts already completed and an adjusting item to reflect the "final discounted position" will have to be made in the current year's accounts.

The problem seems to have been that Wilson Walton kept on working on North Sea contracts that rapidly escalated in price from £3m to nearly £9m. Unfortunately they were towed out to sea by customers like Mobil before Wilson could agree on a price for the extra work. Last year's accounts were qualified and even now Wilson cannot tell shareholders how much money it has lost.

Cambodia prepares to defend capital

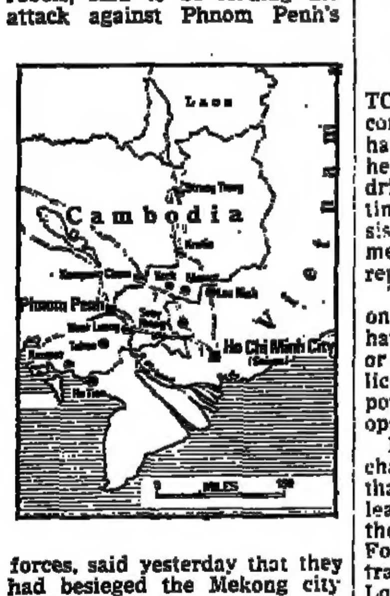
By Richard Nations in Bangkok

VIETNAMESE TROOPS pushing far into Cambodia have gained effective control over most of the east bank of the Mekong River and plan to cut off Phnom Penh, the Cambodian capital from Kampong Som, the country's only seaport, according to reliable intelligence reports.

In the new war unfolding in Indochina, Vietnam has captured nearly a quarter of Cambodia's territory and Cambodian leaders appear to be preparing measures to defend the capital.

In the past week, Vietnamese ground forces, supported by armour and air strikes, have in three drives captured key towns east of the Mekong.

Pro-Vietnamese Cambodian rebels, said to be leading the attack against Phnom Penh's forces, said yesterday that they had besieged the Mekong city of Kompong Cham and were within 40 miles of the capital.



Hanoi and Phnom Penh, allies in the Indochina wars against the French and Americans, have fallen out over the past three years. Cambodia is firmly allied with Peking, Hanoi with Moscow.

Mr. Ieng Sary, Cambodia's Deputy Premier, has alleged in a message to Dr. Kurt Waldheim, UN Secretary-General, that Soviet pilots have joined in the Vietnamese attacks this week.

He accused the invaders of wanting to take over Cambodia to further a Kremlin programme of global expansion in South-East Asia.

The vital question is what China is prepared to do to support its Cambodian allies. Since Christmas, the propaganda war between Peking and Hanoi has intensified, but intelligence reports so far detect no significant military mobilisation by China. Some analysts in Bangkok feel that little short of a large-scale Chinese invasion would deter Vietnam.

Vietnam has captured the river port of Kratie, headquarters for the Cambodian north-east military command and a crucial communications centre.

As the offensive approached the Cambodian capital, the Cambodian Government yesterday announced a meeting of "representatives of the three armed forces in Phnom Penh." That was seen by observers as a crisis session, possibly to decide strategy to defend the capital.

Between 100,000 and 120,000 men of 13 Vietnamese divisions and support units are spread over the length of Vietnam's border with Cambodia.

Reserves show rise of $25m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S official reserves were increased last month by the largest underlying inflow of foreign currency since July as the authorities tried to keep sterling from rising too far.

Official reserves, announced yesterday by the Treasury, stood at altogether $15.89bn at the end of December, an increase of $25m during the month.

That, however, masked a substantial net repayment of official debts, so the underlying inflow was $241m compared with an outflow of $152m in November.

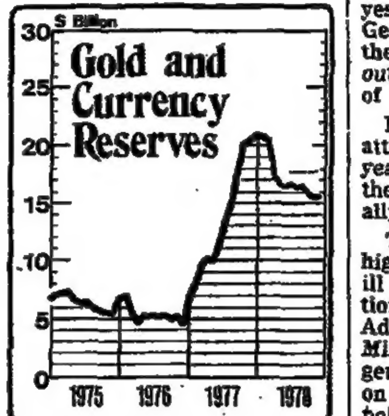
The inflow probably came during the second half of last month in response to the renewed weakness of the dollar and the relative strength of sterling for a period against some of the stronger Continental currencies.

The Government has repeated during the past two months that its policy is to maintain the stability of sterling against the currencies of its main trading partners, usually measured by the Bank of England trade-weighted index.

Nevertheless the demand for sterling last month resulted in a rise in that index of 2.1 per cent and a 5.4 per cent appreciation against the dollar.

The U.S. currency recovered yesterday after strong central bank support after the rise in U.S. interest rates. The dollar rose by 1½ per cent against the Deutsche mark.

Sterling also slipped back by 1.05 cents to £2.0245 after a day's low of $2.0070. The trade-weighted index dropped by 0.2 to 63.7.



The underlying inflows produced last month by holding the pound stable have not yet been sufficient to raise worries about their impact on the growth of the money supply, as happened in autumn, 1977. It is not clear how far the authorities would let the exchange rate rise should larger inflows develop.

Road hauliers face tighter controls in new proposals

BY LYNTON McLAIN

TOUGH MEASURES to tighten control of Britain's road hauliers, with more checks on heavy lorries, bans on dishonest drivers and the compulsory fitting of tachographs for persistent offenders are recommended in a Government-backed report published yesterday.

The Foster Committee report on the licensing of road hauliers to carry goods for hire or reward also called for the licensing authorities to have powers to impound lorries operated illegally.

Professor Christopher Foster, chairman of the committee, said that he hoped his report would lead to a system for "civilising" the heavy lorry. Professor Foster is visiting professor in transport economics at the London School of Economics.

The licensing system was set up 10 years ago to protect the environment from badly maintained lorries and to promote safety, but the committee found there were almost 100 ways in which the existing system could be improved.

These reflected the "loose ends of the system which allowed illegal 'cowboy' operators to trade," said Professor Foster. The system worked well in other respects, but the Government was ill-prepared to judge the impact of heavy lorries on the environment.

The Government could not judge if and when it might be necessary to control the number of heavy lorries.

The report rules out the idea of controlling heavy lorries by restricting the number of licences issued. Instead, a permanent independent committee should be set up to review vehicle excise duties so that duty would be related to the damage particular types of lorry caused to the environment.

If the 91 recommendations for Government action are implemented and enforced, illegal "cowboy" operators, who ran untaxed, unlicensed and badly maintained lorries, would be forced off the road. A roadside spot check in 1977 showed 21 per cent of goods vehicles were mechanically defective and one in 20 dangerous.

Mr. William Rodgers, Transport Secretary, introducing the report, said there would be no legislation in this session of Parliament. Legislation was possible in the next session and at least half of the recommendations would need new Acts of Parliament.

The recommendations are likely to become a cornerstone of the Transport Department's future reviews of the heavy lorry. Mr. Rodgers said he was anxious to build upon the 91 ideas.

Professor Foster said cowboy operators undercut the freight rates of reputable hauliers who paid insurance and tax, by up to 25 per cent. But representatives of the industry last night gave the report only a qualified welcome.

The Freight Transport Association welcomed the acceptance by the committee that the licensing system worked well.

The Road Haulage Association supported the recommendations aimed at discouraging unlawful operations. It also had serious misgivings about the Foster recommendation that officials should be brought into licensing areas to prosecute drivers.

The committee's main measures to tighten standards among Britain's 124,000 road haulage operators include:

- An extension of roadside checks to nights and weekends.
- Empty lorries and farm tractors and trailers no longer to be exempt from licensing regulations.
- Drivers of British vehicles who have infringed drivers' hours regulations should be banned from driving.
- There should be facilities for checking lorries on motorways.
- A licensing authority should be able to withdraw or suspend the right of any transport manager engaged in illegally operating lorries to manage a licensed operators' business.
- Operators caught working illegally should be disqualified from applying for an operator's licence for a period.
- The Government should start immediate research into ways of measuring smoke and noise. Prosecution should be made easier.

Road Haulage Operators' Licensing, report of the independent committee of inquiry. SO £4.

Guadeloupe talks start today

BY RICHARD EVANS, LOBBY EDITOR

MR. JAMES CALLAGHAN will join President Jimmy Carter of the U.S., Chancellor Helmut Schmidt of West Germany, and President Giscard d'Estaing of France, on the French Caribbean island of Guadeloupe today for informal talks on world political and security problems.

There will be no set agenda and probably no final communiqué, but the foremost subjects will be East-West relations: the SALT 2 talks and what should follow them; links with an emergent China; developments in the Middle East, including Iran and Turkey; and the position in Africa.

Mr. Callaghan is likely to have a separate meeting with Mr. Carter, probably on Sunday, when the summit has finished, to discuss the worsening situation in Rhodesia and prospects for reviving an Anglo-American initiative after the fact-finding visit by Mr. Cledwyn Hughes, Labour MP for Anglesey.

The summit proper is intended by its sponsor, President Giscard, to be primarily a political rather than an economic conference, and is not seen a preliminary to the next world economic summit in Tokyo in June.

Nevertheless it seems that some economic issues, notably the European Monetary System and its delayed introduction because of Franco-German differences; the state of the dollar; and the ending of oil supplies from Iran will be discussed in some detail.

Concentration on security issues, particularly the SALT talks, will give European leaders a relatively rare opportunity to influence the content of future talks between the U.S. and USSR on arms limitation after agreement on SALT 2.

Possible sale of Harrier jets to China by Britain will be one aspect of the talks.

Mr. Callaghan will be accompanied by Sir John Hunt, Secretary of the Cabinet. Sir Clive Rose, Sir John's deputy, will go as an additional adviser.

After the summit Mr. Callaghan will fly to Barbados for talks on trade and aid before returning to London

Plessey division may go to U.S.

By John Lloyd

TALKS ARE being held by General Instruments, the U.S. electronics company, with Plessey about the possible acquisition of the UK company's semiconductor division, although a three-month-old offer by the General Electric Company (GEC) to buy the division still formally lies on the table.

Mr. Lorne Weil, General Instruments' vice president in charge of corporate development, said last night: "We are moving into a more serious phase of negotiations."

Dr. Ed Sack, the company's senior vice-president in charge of its microelectronic division, is to visit Plessey's semi-conductor operations based on plants at Swindon, Plymouth and Towcester, Northamptonshire.

General Instruments said that, while acquisition was the most probable outcome, if the talks were successful, a joint venture by the two operations could not be ruled out. Plessey's semiconductor sales last year were about £14m.

Plessey confirmed that talks were going on, but said no agreement was near. However, it is thought talks between Plessey and GEC, which was reported as having made a bid for the semiconductor division in October, are virtually stalled.

General Instruments feels there could be significant reciprocal assistance between the two companies in both the industrial and marketing areas of the semiconductor business.

Its semiconductor division, which had sales of about £62m last year, is dedicated to the manufacture of metal oxide silicon products.

Plessey's output is mainly highly specialised, bi-polar chips, which have applications in TV manufacture.

General Instruments sees a possibly increased Plessey bi-polar output finding markets in the U.S. television tuner field, as well as in the UK and Europe.

Weather

UK TODAY

IT WILL stay cold with snow in most areas. There will also be some sunny periods, mainly in the north.

London, S.E., Cent. S. England
Cloudy with occasional snow and strong winds. Max. 3C (36F).

E. Anglia, E. Coast
Snow showers, sunny periods and strong winds. Max. 2C (36F).

S. and W. Midlands, N. Wales, N.W. England, N. Midlands, N.E.
Mostly dry, sunny periods. Max. 2C (36F).

Channel Islands, W. Country, S. Wales
Cloudy with occasional snow and strong winds. Max. 3C (37F).

Lakes, IoM, S. and E. Scotland, Cent. Scotland and Ulster
Cloudy with snow showers. Max. 2C (36F).

Highlands, Western Islands
Sunny periods, sleet or snow. Max. 3C (37F).

Outlook: Remaining cold with more snow in places.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	—2	28	Madrid	C	7	45
Athens	C	7	45	Mnchtr.	S	0	32
Bahrain	C	21	70	Melbne.	S	19	66
Brcins.	R	4	39	Milan	S	0	32
Beirut	F	23	73	Montr'l	S	—9	16
Belfast	S	5	41	Moscow	F	—17	1
Belgrd.	S	—8	18	Munich	C	—7	19
Berlin	C	—7	19	Nwcstl.	C	0	32
B'ham	S	—3	27	N. York	S	—9	16
Bristol	F	—1	30	Oslo	S	—8	18
Brussels	F	—3	27	Paris	C	—2	28
B. Aires	S	22	72	Perth	C	22	72
Cairo	S	20	68	Prague	Sn	—9	16
Cardiff	S	1	34	Rykjvk.	S	—9	16
Chicago	S	—20	—4	Rio J'o	S	29	84
Colgn.	Sn	—6	21	Rome	S	3	37
Cpnhgn.	F	—6	21	Singpr.	R	27	81
Dublin	C	5	41	Stckhm.	Sn	—9	16
Edinb'h	C	3	37	Strasbg.	F	—4	25
Frankft.	S	—7	19	Sydney	C	21	70
Geneva	S	—3	27	Tehran	S	16	60
Glasgow	R	2	36	Tel Aviv	S	24	75
Hlsnki.	Sn	—14	7	Tokyo	C	7	44
H. Kong	S	20	68	Toronto	S	—15	5
Jo'burg	S	23	73	Vienna	Sn	—6	21
Lisbon	C	16	61	Warsaw	F	—9	16
London	C	2	36	Zurich	S	—5	23
Luxbg.	S	—9	16				

HOLIDAY RESORTS

Ajaccio	F	9	48	Jersey	C	2	36
Algiers	C	13	55	L. Pims	C	19	66
Biarritz	R	2	36	Locarno	S	4	39
Blackp'l	S	—2	28	Majorca	C	9	48
Bordx.	C	0	32	Malaga	C	15	59
Boulgn.	F	—2	28	Malta	F	7	45
Csblnc.	C	16	61	Nairobi	S	23	73
Cape T.	S	22	72	Naples	S	2	36
Corfu	F	3	37	Nice	F	6	43
Faro	C	17	63	Nicosia	C	19	66
Florence	S	—2	28	Oporto	R	14	57
Funchal	C	18	64	Salzb'g	C	—7	18
Gibrltr.	C	14	57	Tangier	C	17	63
Gurnsy.	C	3	37	Tenerife	C	14	57
Innsbk.	C	—7	19	Tunis	C	12	54
Invrnss.	C	3	37	Valencia	C	10	50
I. Man	C	4	39	Venice	S	—3	27

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